



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

### Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

### About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

# The Bankers magazine

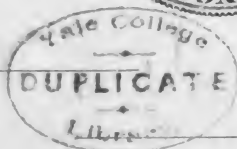
Number in business	Territories.	1882.			1881.			1880.			1879.			1878.			1877.
		No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.	No. fail-ures.	Amount of liabilities.
12,704	TATES.	61	942,014	76	442,708	73	687,230	87	796,600	170	1,406,200	149	2,037,400	170	1,406,200	149	2,037,400
7,639	..	54	395,045	51	332,404	32	151,684	62	417,748	111	854,739	70	762,728	111	854,739	70	762,728
6,607	..	30	147,348	22	155,000	32	251,725	63	359,736	113	1,843,350	06	738,266	113	1,843,350	06	738,266
41,660	..	327	2,888,161	319	3,835,795	223	3,854,554	335	4,320,592	604	12,077,645	480	6,059,054	604	12,077,645	480	6,059,054
5,668	..	107	6,004,450	97	3,856,450	106	1,951,400	170	3,613,200	325	11,279,523	130	6,469,300	325	11,279,523	130	6,469,300
14,411	..	96	2,155,419	77	1,612,011	79	958,707	95	3,094,562	130	2,521,981	114	3,599,607	130	2,521,981	114	3,599,607
83,689	..	88	898,963	130	836,788	178	1,073,817	158	2,474,844	281	4,680,588	314	5,821,645	281	4,680,588	314	5,821,645
79,432	..	772	13,491,400	772	11,071,156	723	6,460,117	970	15,577,282	1,734	35,294,026	1,353	26,088,007	1,734	35,294,026	1,353	26,088,007
39,548	..	444	7,144,217	420	4,851,074	461	5,617,766	785	8,389,378	969	15,791,084	1,012	15,994,846	969	15,791,084	1,012	15,994,846
24,756	..	455	2,121,308	388	14,674,314	415	19,459,744	519	13,303,699	863	42,501,731	865	32,490,974	863	42,501,731	865	32,490,974
67,586	..	113	1,871,998	77	4,536,346	89	984,556	143	1,201,086	168	4,741,993	177	3,313,958	168	4,741,993	177	3,313,958
19,215	..	431	5,555,815	250	1,853,522	291	2,943,502	522	8,242,649	770	18,714,270	632	15,540,795	770	18,714,270	632	15,540,795
3,508	..	109	4,005,887	134	4,341,787	131	3,424,222	189	3,086,116	257	10,373,700	175	4,946,443	257	10,373,700	175	4,946,443
13,500	..	12	79,400	7	73,200	18	127,400	14	186,137	23	281,500	15	193,000	23	281,500	15	193,000
3,077	..	80	1,261,140	75	2,494,991	53	820,163	85	916,874	119	2,568,986	129	3,603,634	119	2,568,986	129	3,603,634
248,742	..	23	154,887	12	109,304	14	157,939	33	207,982	30	320,202	44	1,090,100	30	320,202	44	1,090,100
120,300	..	1,667	41,385,652	1,372	32,924,538	1,472	33,053,292	2,290	35,534,191	3,199	95,293,466	3,049	77,173,750	3,199	95,293,466	3,049	77,173,750
6,701	TATES.	137	2,235,299	98	670,583	85	708,180	84	848,666	126	1,195,615	159	1,312,705	126	1,195,615	159	1,312,705
8,855	..	45	389,458	41	188,233	14	56,105	27	124,000	40	369,011	70	439,566	40	369,011	70	439,566
5,794	..	134	931,822	83	591,874	53	411,658	100	1,000,290	89	1,788,222	66	1,168,501	89	1,788,222	66	1,168,501
11,215	..	93	908,542	90	684,558	48	393,230	73	2,497,740	59	1,788,522	103	1,181,631	59	1,788,522	103	1,181,631
2,268	..	138	1,930,563	132	2,379,548	77	1,018,763	86	574,323	86	574,323	119	3,738,134	86	574,323	119	3,738,134
7,364	..	17	167,320	16	223,352	12	104,500	19	120,077	22	133,288	41	149,000	22	133,288	41	149,000
7,787	..	85	1,188,276	104	2,041,340	47	759,694	24	202,109	51	874,062	113	690,000	51	874,062	113	690,000
6,399	..	197	2,335,957	153	1,942,129	55	700,549	76	991,374	99	1,073,660	86	1,079,986	99	1,073,660	86	1,079,986
17,246	..	173	3,162,948	106	1,604,577	54	706,262	90	4,752,557	127	4,830,462	61	893,519	127	4,830,462	61	893,519
6,593	..	204	1,644,254	234	2,713,920	155	1,493,210	159	2,223,892	228	2,733,725	138	1,890,996	228	2,733,725	138	1,890,996
19,352	..	95	754,724	102	952,532	20	340,072	48	425,427	41	407,053	23	270,775	41	407,053	23	270,775
12,217	..	131	3,716,096	93	1,083,413	104	1,030,000	138	1,546,577	220	5,995,756	227	6,994,428	220	5,995,756	227	6,994,428
126,281	..	164	1,632,864	187	1,373,353	105	1,051,219	152	1,569,671	194	2,205,873	91	1,201,110	194	2,205,873	91	1,201,110
Total Southern States.	..	1,618	20,998,123	1,439	16,469,412	835	8,813,442	1,076	15,876,793	1,415	26,322,961	1,078	17,271,990	1,415	26,322,961	1,078	17,271,990



REESE LIBRARY  
OF THE  
UNIVERSITY OF CALIFORNIA.

*Class*

YALE UNIVERSITY LIBRARY



1883











THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

---

*"No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."*

*"The revenue of the State is THE STATE; in effect, all depends upon it, whether for support or for reformation."*

*"Rightfully considered, no principle is more conservative than that which identifies the laborer with the capitalist."*

---

**VOLUME THIRTY-SEVENTH,**  
OR,  
**VOLUME SEVENTEENTH OF THE THIRD SERIES.**

FROM JULY, 1882, TO JUNE, 1883, INCLUSIVE.



NEW YORK:  
PUBLISHED MONTHLY BY BENJAMIN HOMANS, No. 251 BROADWAY.  
1882-1883.



coll. v. 2. 10.  
10 10

HG 1501

B3

v. 37

# GENERAL INDEX

TO THE

THIRTY-SEVENTH VOLUME

OF THE

## BANKER'S MAGAZINE AND STATISTICAL REGISTER,

FROM

JULY, 1882, TO JUNE, 1883, BOTH INCLUSIVE.

Complete copies of the present volume can be supplied by the publisher. Price, in numbers, \$5; or, substantially bound, \$6.50. Single numbers, fifty cents each.

Bound volumes will be given in exchange for the numbers, at the office, No. 251 Broadway, New York, at the charge of \$1.50 for binding.

Subscribers who have not heretofore bound their numbers are earnestly recommended to do so. The value of the Magazine is greatly enhanced when thus preserved for future reference.

### A.

Accounting, public, mode of, 531.  
Accumulation in small sums, power of, 296.  
Administrator's liability for loss of trust funds by bank failure, 379.  
Advantages of paying the National debt, 327.  
African gold fields, 716.  
Albumen, manufacture of, in Moscow, 377.  
Alteration of date a forgery, 713.  
Amalgamated Association of iron and steel workers, 43.  
America from 1800 to 1880, 283.  
American Bankers' Association, convention of, 68, 212.  
    ▪ capital, growth of, 843.  
    ▪ coinage, 701.  
    ▪ railroads in Japan, 45.  
Analysis of the principal of the public debt of the United States, 152.  
Ancient Roman census, 34.  
Antwerp merchants, 799.  
Application of new banking law, 151.  
Appropriations and expenditures of the Government, 187, 261, 347, 422.  
    ▪ made by Congress, 526.  
    ▪ the Government, 161.  
Argentine currency, 104.  
    ▪ Republic, mineral resources of, 117.  
Arkansas State finances, 700.  
Arlberg Tunnel, 220.

Associations, building, 244.  
Assets of chartered bank of Canada, 631.  
Angustinian fathers, savings bank of, 787.  
Australia, banking in, 247.  
    ▪ growth of 303.  
Australasia, banking in, 245.  
Australasian debts, 635.  
Austrian silver importation from France, 635.  
    ▪ taxation, 790.  
Average capital and deposits of banks and bankers, 222.

### B.

Bailey, Dudley P., on banking in Australasia, 245.  
Balance of our trade, favorable, 893.  
Bank charters, expiring, 794.  
    ▪ check, new, 41.  
    ▪ circulation, a new security for, 165.  
    ▪     ▪ National, 150.  
    ▪ depositors' liability, 633.  
    ▪ directors sued, 715.  
    ▪ failures in New Jersey, 606.  
    ▪ guaranty of deposit in, 702.  
    ▪ liability of, for the conduct of its cashier, 763.  
    ▪ liability of, to check holder, 456.  
    ▪ loans, 809.  
    ▪ note circulation, 815.  
    ▪ notes, new National, 150.

- Bank notes**—The National revenue, 896.
- of England, 311.
  - " annual averages of, 205.
  - of France, 310.
  - " circulation of, 921.
  - " denomination of notes, 921.
  - " directors' report, 1882, 888.
  - " statistics of, 207.
  - returns, incorrect, 390.
  - statement, Boston, 80, 160, 239, 319, 400, 479, 560, 647, 727, 808, 887, 967.
  - " New York City, 80, 160, 239, 319, 399, 479, 559, 647, 727, 807, 887, 967.
  - " Philadelphia, 80, 160, 240, 319, 400, 479, 560, 648, 728, 808, 887, 968.
  - stock, who own, 308.
  - taxation, 36.
  - taxes, the repealed, 947.
  - teller's theft, 392.
  - what it does for a community, 170.
- Bankers' Association**, American, convention of, 68, 212.
- banks and savings banks, new, 76, 153, 236, 314, 394, 475, 557, 637, 723, 802, 881, 960.
  - convention, the, 89.
  - new law for, 713.
  - Russian, postal facilities for, 716.
- Banking and financial items**, 69, 149, 230, 308, 388, 471, 546, 632, 713, 794, 874, 955.
- Canadian, 547, 796.
  - Cuban, 392.
  - finance, political economy, etc., works on, 55.
  - in Australasia, 245.
  - in Australia, 247.
  - in United States, 395.
  - law, National, 126.
  - " new, 81, 125, 151, 314.
  - laws in European countries, 844.
  - private, 326.
  - Scotch, theory and practice, 847, 927.
  - system of the United States, 434.
- Bankruptcy**, a Bosnia on, 549.
- Bank's liability for mistakes**, 75.
- stolen notes, 309.
- Banks and a stock clearing house**, 561.
- and bankers, average capital and deposits of, 222.
  - " capital and deposits of, 218.
  - " statement of capital and deposits, 222.
  - and corners in produce, 656.
  - bankers, and savings banks, new, 76, 153, 236, 314, 394, 475, 557, 637, 723, 802, 881, 960.
  - chartered of Canada, assets of, 631.
  - " Canada, liabilities of, 630.
  - dividends of broken, 149.
  - Egyptian savings, 66.
  - in Mexico, 547.
  - insolvent, liability of stockholders of, 149.
  - insolvent, taxation of, 62.
  - liability of, to local taxation, 458.
- Banks, National, expired by limitation**, 721.
- " new, in each State, 964.
  - National, of New York City, 793, 794.
  - new National, 72, 157, 237, 316, 397, 477, 554, 642, 718, 802, 879, 959.
  - of Europe, the three great, 119, 205.
  - of New York City, dividends of, 552.
  - Savings, in France, 957.
  - " New York, 752.
  - " of Sweden and Norway, 757.
  - taxation of, 935.
- Barnett, R. W.**, on banks in the United States, 276, 354.
- Bars**, gold, 69.
- Barter**, money superseding, 181.
- Bean, Jr., Jos. S.**, on, the South's surplus, 254.
- Beer**, export of, 42.
- Bierstadt, O. A.**, on the budget of France for 1883, 13.
- Bimetallism**, Bonamy Price on, 689.
- Bimetallist congress**, 449.
- Bold robbery**, 391.
- Bolivia**, exports of, 943.
- silver production of, 943.
- Bolles, A. S.**:
- funding of the revolutionary debt, 7, 105.
  - receipts, appropriations, and expenditures of the Government from 1815 to 1828, 187, 261, 347.
- Bondholders female**, National, 139.
- Bonds**, bookkeeper's, sureties on, 464.
- calls for, 69, 149, 318, 388.
  - Connecticut's new, 151.
  - defaced and lost, 209.
  - exchange of United States, 308.
  - Government, new scheme for exchanging, 323.
  - prices and profits of, 200, 465.
  - sureties on, liabilities of, 616.
  - Tennessee, exchanging, 69.
  - United States, amount owned by banks, 218.
  - validity of certain, 713.
- Book notices**, 51, 146, 228, 306, 629, 791, 951.
- Bordeaux Canal**, 117.
- Bosniac on bankruptcy**, a, 549.
- Boston, Pacific National Bank**, 605.
- bank statement, 80, 160, 239, 319, 400, 479, 560, 647, 727, 808, 887, 967.
- Brazilian currency**, 957.
- British gold coinage**, condition of, 607.
- ledger, some accounts in the, 473.
  - trade and prices, 905.
- Budget of France for 1883**, 13.
- Building associations**, 244.
- railroad, in 1883, 785.
  - imported and exported, 204.
- Bullion certificates as currency**, 658.
- silver, purchase of, by the Treasury, 701.
  - where it comes from, 461.
- Business and speculation**, 85, 605.
- condition of, 405.
  - failures of 1882, 565.



- Business of clearing house in 1882, 818.  
 • management of postal department, effect of, 522.  
 • outlook, the, 889.

## C.

- California, industry of, 220.  
 • mines, 954.  
 • orange culture in, 45.  
 • quicksilver mines of, 115.  
 • the chameleon State, 302.  
 Calls for bonds, 69, 149, 318, 388.  
 Canada banks, chartered, assets of, 631.  
 • chartered banks, liabilities of, 630.  
 • Dominion lands of, 462.  
 Canadian banking, 547, 796.  
 • forests, 375.  
 • loan companies, 472.  
 Canal boats, locomotives for hauling, 463.  
 Canning industry of California, 220.  
 Capital, American, growth of, 843.  
 • and deposits, average of, banks and bankers, 222.  
 • railroad, 797.  
 • surplus, stock quotations of New York City banks, 552.  
 Cashier and president, changes of, 73, 156, 234, 315, 395, 474, 555, 638, 719, 800, 880, 960.  
 • liability of, 765.  
 Cashier's conduct, liability of bank for, 763.  
 Cattle raising, 942.  
 Celluloid, new material superseding, 609.  
 Census, an ancient Roman, 34.  
 Central American progress, 780.  
 • Asia, cotton cultivation in, 302.  
 Certificates, gold, 346, 876.  
 • silver, 796.  
 • ten-dollar, of 1879, 149.  
 Changes, dissolutions, etc., 74, 154, 235, 313, 395, 476, 555, 640, 722, 801, 882, 962.  
 • of president and cashier, 73, 156, 234, 315, 395, 474, 555, 638, 719, 800, 880, 961.  
 Charleston, First National Bank of, 151.  
 Chartered banks of Canada, assets of, 631.  
 • liabilities of, 630.  
 Charters, bank, expiring, 794.  
 Checkholder, liability of bank to, 456.  
 Check, indorsement of, when presented at bank for payment, 135.  
 • new bank, 41.  
 • raising, successful, 390.  
 Checks, country-bank, collection of, 466.  
 • over-certification of, 387.  
 • overdue, defence to, 618.  
 • stamped, 875.  
 Chicago, 472.  
 China, commerce between Russia and, 613.  
 • decay of, 937.  
 • industries of, 45.  
 • railroads in, 378.  
 Chinese opium trade, 614.  
 Circular, the three-per-cent., 140.  
 Circulating medium, and the Government, during the war of 1812, 502.

- Circulation, a new security for bank, 165.  
 • bank-note, 815.  
 • National-bank, 150, 794, 883.  
 • of paper money in Greece, 310.  
 • of small coins, Southern, 779.  
 Clearing-house business of 1882, 818.  
 • in Detroit, 714, 795.  
 • London, 905.  
 • Melbourne, Australia, 251.  
 Counting-house returns for 1880-1882, 299.  
 • stock, 561.  
 • tables, 874.  
 • the first, 393.  
 Clearing system in the United States, 593.  
 Coal, economy in using, 178.  
 • waste of, 779.  
 Coconut trees, 942.  
 Coe, Geo. S., on functions of a bank, 170.  
 Coffee, consumption of, 302.  
 Coin and paper currency, distribution of, 431.  
 • history of a, 635.  
 • vs. bank notes, 299.  
 Coinage, American, 701.  
 • British gold, condition of, 607.  
 • English gold, 71.  
 • for last fiscal year, 232.  
 • silver, 964.  
 • profits on, 54.  
 • subsidiary, 874.  
 Coins, old, value of, 942.  
 • punched, counterfeit, 230.  
 • Southern circulation of small, 779.  
 Collaterals, holding of, 955.  
 • pledge of, by trustee, 857.  
 Collection of country-bank checks, 466.  
 Cologne bi-metallist congress, 449.  
 Commerce between Russia and China, 613.  
 • effect of the Egyptian war on, 199.  
 • foreign for 1882, 200.  
 • industries and banking of principal countries, 286.  
 Commercial review of the old year, and outlook for the new, 483.  
 Comptroller, dividends declared by the, 955.  
 Comptroller's report, 401.  
 Comstock, lode, 956.  
 • mines, value of, 310.  
 Condition of British gold coinage, 607.  
 • of business, 405.  
 • of the silver question, present, 649.  
 • of the Vermont savings banks, 370.  
 Conference, monetary, 70.  
 Congress and legislation, 661.  
 • appropriations made by, 526.  
 • Cologne bi-metallist, 449.  
 • work of, 729.  
 Connecticut, credit of, 233.  
 Connecticut's new bonds, 151.  
 Consequences of the labor strikes, 1.  
 Consumption of coffee, 302.  
 • of wood in Europe, 377.  
 Convention of the American Banker's Association, 68, 212.  
 • the banker's, 89.  
 Corners in produce, the banks and, 656.  
 Cost of sparrows and rabbits, 118.  
 Cotton, a new kind, 613.

- Cotton crop, statement of, 202.
  - cultivation in Central Asia, 302.
  - factories, Mexican, 613.
  - seed, value of, 221.
  - speculation, 70.
- Counterfeit punched coins, 230.
- Coupons, negotiable interest, title to, 704.
- Credit insurance companies, 654.
  - of Connecticut, 233.
- Creditors of the First National Bank of New Orleans, final dividend to, 307.
- Crops of the U. S., statement of, 202.
- Crystallization of iron, 609.
- Cuba, 392.
- Cuban banking, 392.
- Curiosities of the English exchequer, 603.
- Currency and finances of India, 21.
  - Argentine, 104.
  - Brazilian, 957.
  - bullion, certificates as, 658.
  - coin and paper, distribution of, 431.
  - opinions of Gallatin, 109.
  - sap-trough, 797.
  - small paper, in England, 259.
  - soap as, 311.
- Current events and comments, 41, 115, 220, 300, 375, 461, 527, 609, 708, 779, 868, 941.

## D.

- Deaths, 80, 160, 240, 320, 400, 480, 560, 648, 728, 808, 888, 968.
- Debt, advantages of paying the National, 327.
  - French, refunding of the, 957.
  - funded, of the United States, 429.
  - funding of the revolutionary, 7, 105.
  - of Mexico, 473.
  - of the City of Charleston, S. C., 472.
  - National, of Great Britain, 501, 547.
  - public, 308, 710.
  - Russian, 468.
  - the National—a new plan of dealing with, 360.
  - Turkish, 392.
  - United States, analysis of, 152.
- Debts, Australasian, 635.
  - new way to pay old, 760.
  - Pacific Railroad, 956.
- Decay of China, 937.
- Decision concerning female National bondholders, 139.
  - important telegraph, 300.
- Defence to overdue checks, 618.
- Delta of the Mississippi, 612.
- Deposit in bank, guaranty of, 702.
- Deposits of banks and bankers, average capital and, 222.
  - savings, 941.
- Depositories, public, 471.
- Depression and recovery, 571.
- Diachromatized wood, 42.
- Discoveries of India rubber, new, 709.
- Dissolutions, changes, etc., 74, 154, 235, 313, 396, 476, 556, 640, 722, 801, 882, 962.

- Distribution of coin and paper currency, 431.
- Dividends and investments, Savings-bank, 362.
  - declared by the Comptroller, 955.
  - illegality of declaring unearned, 231.
  - of broken banks, 149.
  - of New York City banks, 552.
  - on Suez Canal stock, 71.
- Dominion high tariff, working of, 528.
  - lands of Canada, 462.
- Dutch loan, new, 957.
- Duty on silver, repeal of, 50.

## E.

- Early internal-revenue laws, 580, 671.
- East Siberia, gold yield in, 61.
- Economy and extravagance, municipal, illustrated, 103.
  - in using coal, 178.
  - political, a new work, 569.
- Effect of the Egyptian war on commerce, 199.
- Egyptian finances, 816.
  - question, 179.
  - savings banks, 66.
  - war, effect of, on commerce, 199.
- Electric lighting, 116.
- Ely, Richard T., on money and its functions, 490.
- Embezzlement, 70, 546, 714.
- Emigration, 900.
- England, Bank of, 311.
  - Bank of, statistics of, for 20 years, 205.
  - small paper currency in, 259.
- England's great speculation, 529.
- English exchequer, curiosities of, 603.
  - gold coinage, 71.
  - joint-stock companies, 781.
  - monopoly, 870.
  - receipts and expenditures, 311.
- Europe, consumption of wood in, 377.
  - paper issues in, 921.
  - the three great banks of, 119, 205.
- European capital, increase of, 310.
  - countries, banking laws in, 844.
  - food supply, 612.
- Examination, microscopic, of metals, 744.
- Exchange of United States bonds, 308.
- Exchanging Government bonds, new scheme for, 323.
  - Tennessee bonds, 69.
- Exchequer, English, curiosities of, 603.
- Expenditures and appropriations, 137, 261, 347, 422.
  - comparison of public, 232.
- Expense of collecting internal revenue, 149.
- Expired by limitation, National banks, 721.
- Expiring bank charters, 794.
- Export of beer, 42.
  - trade, foreign, revolution in, 611.
- Exports and imports of gold, 71, 204, 510.
  - gold, from New Zealand, 550.
  - of merchandise, 201.
  - value of, over that of imports, 204.

## F.

- Failure of bank, administrator's liability for loss of the funds, 379.
  - of Glasgow Bank, history of, 783.
- Failures, bank, in New Jersey, 606.
  - first quarter of 1883, 868.
  - of 1882, 565.
- Farmers are ruined, how, 375.
- Farms, evil of large, 708.
  - relative wealth of, 679.
- Favorable balance of our trade, 893.
- Federal lands, 220.
- Finance, banking, political economy, etc., works on, 55.
- Finances and currency of India, 21.
  - Arkansas State, 700.
  - Egyptian, 816.
  - French, 545.
  - Italian, 310.
  - of Italy, 30.
  - of Prussia, 95.
- Financial progress in Japan, 195.
  - reforms, 1784-92, Pitts', 663, 737, 836, 914.
  - retrospect and prospect, 481.
- Fire, losses by, 709.
- First clearing house, 393.
- Flow of gold into France, 90.
- Food supply, European, 612.
  - of the world, 283.
- Foreign commerce for 1882, 200.
  - export trade, revolution in, 611.
  - ore deposits, large purchases of, 870.
- Forgery, alteration of date a, 713.
- France, Austrian silver importation from, 635.
  - Bank of, 310.
  - report for 1882, 888.
  - statistics of, 206.
  - budget of, for 1883, 13.
  - exports of, 944.
  - flow of gold into, 90.
  - paper issues in, 921.
  - prosperity of, 300.
  - Savings banks in, 957.
  - taxation of tobacco in, 376.
  - war indemnity, how spent, 530.
- Freedman's Savings Bank, 518.
- French debt, refunding of the, 957.
  - finances, 545.
  - workmen, 869.
- Funded debt of the United States, 429.
- Funding, a fight for, 761.
  - of the revolutionary debt, 7, 105.
- Funds, trust, management of, 792.
- Furniture manufacture, 941.
- Futures, legality of dealings in, 230.

## G.

- Gallatin, currency opinions of, 109.
- Geneva award money, receipt and investment of, 130.
- Georgia, loans in, 633.
- German Empire, income of, 468.
  - factories, accidents in, 463.
  - land scheme, great, 943.

- German wages, 303.
- Germany and bi-metallism, 341.
- Gift of Savings-bank deposit, 292.
- Gilfillan, James, treasurer of the United States, retirement of, 794.
- Glasgow Bank, 71, 548, 783.
- Gold, abroad, shipment of, 287.
  - and silver coin, imports and exports of, 204.
  - bars, 69.
  - certificate bill, 68.
  - certificates, 346.
  - certificates in Chicago, 876.
  - coinage, British, condition of, 607.
  - coinage, English, 71.
  - coin, weight of a million dollars in, 549.
  - discoveries, new, 904.
  - exports from New Zealand, 550.
  - fields, African, 716.
  - flow of, into France, 90.
  - imports and exports, 510.
  - mining in Siberia, 291.
  - nuggets, 956.
  - production, 716, 875.
  - production for 1882, 697.
  - product, Russian, 59.
  - Russian, exports and imports of, 71.
  - scarcity of, 271, 340.
  - supply and production of, 269.
  - yield in East Siberia, 61.
  - in Russia, 60.
- Government and the circulating medium during the war of 1812, 502.
  - appropriations, 161.
  - bonds, new scheme for exchanging, 323.
  - receipts, appropriations, and expenditures of, 187, 251, 347.
- Grain, shrinking of, 572.
- Grape sugar in United States, 942.
- Great Britain, National debt of, 501, 547.
- Greece, paper money circulation in, 310.
- Greenback, mutilated, 69.
- Growth of American capital, 843.
  - of the world's wealth, 782.
- Guaranty of deposit in bank, 702.

## H.

- Hamilton, Alexander, on public debt, 7.
- Handwriting, identification by, 803.
- Hawaiian sugar syndicate, 46.
- Hepburn, A. B., address to Banker's Convention, 369.
- Hewitt, A. S., on bank-note circulation, 166.
- Hidden treasure, 635.
- Hill, Senator, on silver, 102.
- Historic building, 2, 70.
- History of a coin, 635.
  - of State repudiation, 759.
  - of the Glasgow Bank failure, 783.
- Holding of collateral, 955.
- Holland, demonetization of silver in, 796.
- Homans, Sheppard, on new features in life insurance, 676.



## I.

- Identification by handwriting, 803.
- Illegality of declaring unearned dividends, 231.
- Immigrants, value of, 43.
- Importations of silver into Austria from France, 635.
- Importing cities, three greatest, 71.
- Imports and exports of gold, 71, 204, 510.
  - of merchandise, 201, 202.
  - of silver coin and bullion, 204.
- Income of German empire, 468.
  - of Prussia, National, 520.
- Incorrect bank returns, 390.
- Indebtedness, public, of the world, 58.
- Indemnity, Turkish, 43.
- India, 315.
  - prosperity of, its currency and finances, 21.
  - rubber, new discoveries of, 709.
  - specie shipments to, 636.
- Indorsement of check when presented at bank for payment, 135.
- Industries of China, 46.
- Industry, thread, 779.
- Inquiries of correspondents, 47, 142, 226, 304, 385, 469, 544, 626, 711, 788, 871, 953.
- Insolvent banks, taxation of, 62.
- Insurance, life, new features in, 676.
- Interest at New York, rates of, in several years, 319.
  - coupons, negotiable, title to, 704.
  - rents, and real-estate prices, 418.
- Internal revenue, expense of collecting, 149.
  - ■ laws, early, 580, 671.
  - ■ reduction, 787.
  - ■ stamps, 712.
- Investing small savings, new plan for, 231.
- Investments, Massachusetts savings-bank, 70.
  - Savings-bank, 898.
  - ■ dividends and, 362.
  - Scotch, in the United States, 799.
- Investors and railroad securities, 735.
- Iron and steel workers, Amalgamated Association of, 43.
  - ■ production of, 41.
  - internal crystallization of, 609.
  - value of, 610.
- Is more money wanted? 241.
- Italian finance, 310.
  - resumption, 168, 826, 903.
  - taxation, 587.
- Italy, Savings banks in, 310.
  - finances of, 30.
  - specie resumption in, 5, 736.
- Items, banking and financial, 69, 149, 230, 308, 388, 471, 546, 632, 713, 794, 874, 955.
- Ivory, 219.

## J.

- Japan, American railroads in, 45.
  - financial progress in, 195.
- John Law, 745, 828, 906.

- Joint-stock companies, English, 781.
- Jones, Senator John P., suggests a new plan of dealing with the Nat'l debt, 360.

## K.

- Khedive Ismail's extravagance, 312.

## L.

- Labor strikes, consequences of the, 1.
- Land scheme, German, 943.
- Law, John, 745, 828, 906.
  - National banking, 126.
  - new banking, 81.
  - new for bankers, 713.
- Laws, banking, in European countries, 844.
  - early internal-revenue, 580, 671.
- Lead mines, Spanish, 614.
- Leadville smelting works, 309.
- Legality of dealings in futures, 230.
- Legal miscellany, 67, 141, 225, 295, 382, 459, 542, 622, 706, 777, 944.
- Legislation, Congress and, 661.
- Leroy-Beaulieu, Paul, on the flow of gold into France, 90.
- Liabilities of chartered banks of Canada, 630.
  - of sureties on bonds, 616.
- Liability, bank depositors', 633.
  - for mistakes, a bank's, 75.
  - of a bank for conduct of cashier, 763.
  - of administrator, for loss of trust funds, 379.
  - of bank to checkholder, 456.
  - of banks to local taxation, 458.
  - of cashier, 765.
  - of stockholders of insolvent banks, 149.
- Life insurance, 794.
  - ■ new features in, 676.
- Lighting, electric, 116.
  - railroad carriages, 781.
- Liquor and tobacco taxes, 523.
  - business statistics of, 451.
- Loan companies, Canadian, 472.
  - new Dutch, 957.
- Loans, bank, 809.
  - in Georgia, 633.
- Local taxation, liability of banks to, 458.
- Locomotives for hauling canal boats, 463.
- London Clearing House, 905.
- Loss by Cohoes strike, 309.
- Losses by fire, 709.
- Lubbock, Sir John, 311.
- Luxury, 573.

## M.

- Machinery, woollen, 462, 609.
- Maguey, commercial importance of, 527.
- Maine Savings banks, 600, 876.
- Management of trust funds, 792.
- Manufacture of albumen in Moscow, 377.
  - of furniture, 941.
  - of paper money, 470.
- Manufactures of various countries, 286.
- Marble quarries of Rutland, 708.

Massachusetts Savings-bank investments, 70.  
 Meat supply of nations, 133.  
   • transportation of, 528.  
 Mechanics' Bank of Newark, 69.  
 Merchandise, domestic, value of exports of, 201.  
   • exports of, 201.  
   • imports of, 201, 202.  
   • value of, 201.  
 Merchants of Antwerp, 799.  
 Metals, microscopic examination of, 744.  
   • mysteries of, 374.  
   • use of, as money, 498.  
 Metal, the coming, 610.  
 Mexican cotton factories, 613.  
   • treasury, 715.  
 Mexico, banks in, 547.  
   • debt of, 473.  
   • richest man in, 636.  
   • valuation of "landed property," 796.  
 Microscopic examination of metals, 744.  
 Mine, a rich, 470.  
 Mineral resources of the Argentine Republic, 117.  
 Mines, California, 954.  
   • lead, Spanish, 614.  
   • Nevada silver, 708.  
   • quicksilver, of California, 115.  
   • value of Comstock, 310.  
 Mining in Prussia, 782.  
   • gold, in Siberia, 291.  
 Mint, Paris, 797.  
   • report, 388.  
 Mistakes, a bank's liability for, 75.  
 Mississippi, delta of the, 612.  
 Mode of public accounting, 531.  
 Monetary conference, 70.  
 Money and its functions, 490.  
   • and the sub-treasury, 321.  
   • getting, insanity the result of, 71.  
   • Geneva award, receipt and investment of, 130.  
   • is more wanted? 241.  
   • manufacture of paper, 470.  
   • market, notes on, 77, 158, 238, 317, 398, 478, 558, 643, 724, 804, 884, 965.  
   • orders sent abroad, 632.  
   • question, 269, 338, 407.  
   • speculation and, 811.  
   • superseding barter, 181.  
   • tight, 733.  
 Monopolies, 942.  
 Monopoly, English, 870.  
 Moscow, manufacture of albumen in, 377.  
 Municipal economy and municipal extravagance illustrated, 103.  
 Mutilated greenbacks, 69.  
 Mysteries of metals, 374.

## N.

National-bank circulation, 794, 883.  
   • " " " probable operation of the new act, 150.  
   • " " First, of New Orleans, final dividend of, 307.  
   • " " notes, new designs for, 150.  
 National-banking law, 126.  
   • " " system, the, 82.  
   • banks expired by limitation, 721.  
   • " " in each State, 964.  
   • " " new, 72, 157, 237, 316, 397, 477, 554, 642, 718, 802, 879, 959.  
   • " " of New York City, 793, 794.  
   • " " of the United States of America, 276, 354, 444, 511, 878.  
   • " " taxes paid by, 733.  
   • debt, advantages of paying, 327.  
   • " " a new plan, 360.  
   • income of Prussia, 520.  
   • postal telegraph, 632.  
   • revenue, bank notes, the, 896.  
 Nations, meat supply of, 133.  
 Negotiable interest coupons, title to, 704.  
 Nevada silver mines, 708.  
 Newark, Mechanics' Bank of, 69.  
 New bank check, 41.  
   • banking law, 81.  
   • discoveries of India rubber, 709.  
   • Dutch loan, 957.  
   • features in life insurance, 676.  
   • gold discoveries, 904.  
   • Jersey, bank failures in, 606.  
   • " " railroad taxation in, 608.  
   • kind of cotton, 613.  
   • law for bankers, 713.  
   • National banks in each State, 964.  
   • nickels, 703.  
   • oil wells, 44.  
   • Orleans, First National Bank of, final dividend to creditors, 307.  
   • phase of the silver question, 964.  
   • plan for investing small savings, 231.  
   • safety paper, 472.  
   • scheme for exchanging Government bonds, 323.  
   • security for bank circulation, 165.  
   • stock and bonds listed, 69.  
   • way to pay old debts, 760.  
   • work on political economy, 569.  
   • year and old, commercial outlook and review, 483.  
   • York banks, 633.  
   • " " City banks, dividends of, 552.  
   • " " " bank statement, 80, 160, 239, 319, 399, 479, 559, 647, 727, 807, 887, 967.  
   • " " " Nat'l banks of, 793, 794.  
   • " " Clearing House, 388.  
   • " " Savings bank bill, veto of, 950.  
   • " " Savings-banks, 231, 752.  
   • " " usury law, 69.  
   • Zealand, gold exports from, 550.  
 Nickels, new, 703, 867.  
 Nickel, what is? 615.  
 Norway, savings banks of Sweden and, 757.  
 Notarial practice, 681.  
 Note, payment of, to wrong party, 224.  
 Notes, a bank's stolen, 309.  
   • and fractional silver coin outstanding, statement of, 298.  
   • one-pound, 716.  
   • small, 634.  
 Notes on the money market. (*See Money Market.*)

Nuggets, gold, 956.

Number of new National banks in each State, 964.

## O.

Obituary notices, 232, 309, 393, 473, 550, 551, 634, 636, 717, 798, 877, 958.

Official bulletin of new National banks. (*See* National banks.)

Oil wells, new, 44.

Old coins, value of, 942.

■ year and new, commercial review and outlook, 483.

One-pound notes, 716.

Operation of the silver law, 632.

Opium trade, Chinese, 614.

Orange culture in California, 45.

Ore deposits, foreign, large purchases of, 870.

Outlook, for the new year, 483.

■ the business, 889.

Over-certification of checks, 387.

Overdue checks, defence to, 618.

Overstone, Lord, on money market, 111.

Ownership of railroads, 389.

## P.

Pacific National Bank of Boston, 605.

■ Railroad debts, 956.

Palgrave, R. H. I., on the three great banks of Europe, 119, 205.

Paper, a new safety, 472.

■ currency, small, in England, 259.

■ issues in Europe—France, 921.

■ money, manufacture of, 474.

Paris mint, 797.

■ municipal taxation, 548.

Paying stocks, 955.

■ the Nat'l debt, advantages of, 327.

Payment of an old claim, 471.

■ of note to wrong party, 224.

Pension list, immense, 268.

Pensions, 118, 471.

Petroleum, 116.

Philadelphia bank statement, 80, 160, 240,

319, 400, 479, 560, 648, 728, 808, 887, 968.

Philadelphia's valuation, 294.

Pitt's financial reforms, 1784-92, 663, 737, 836, 914.

Pledge of collaterals by a trustee, 857.

■ of stock, 138.

Political economy, new work on, 569.

■ banking, finance, etc., works on, 55.

Polk, Marshall T., of Tennessee, 601.

Population of the United States, 825.

Portugal, railroads in, 392.

Postal department, business management, effect of, 522.

■ facilities for Russian bankers, 716.

■ order system, success of, 527.

■ telegraph, National, 632.

Post-office department, surplus in, 389.

■ Savings banks, 547.

■ in Scotland, 957.

Power of accumulation in small sums, 296.

Practice, notarial, 681.

Present condition of the silver question, 649.

President and cashier, changes of, 73, 156, 234, 315, 395, 474, 555, 638, 719, 800, 880, 961.

Presidents, women as, 956.

Price, Bonamy, on bi-metallism, 689.

Prices and profits of bonds, 200, 465.

■ and trade, British, 905.

■ interest, rents, and real-estate, 418.

Produce, banks and corners in, 656.

Production, gold, 716, 875.

■ of gold and silver for 1882, 697.

■ of iron and steel, 41.

Progress in Central America, 780.

Prospect and retrospect, financial, 481.

Prosperity of France, 300.

■ of India, its currency and finances, 21.

Prussia, finances of, 95.

■ mining in, 782.

■ National income of, 520.

Public accounting, mode of, 531.

■ buildings, value of, 461.

■ debt, 308, 710.

■ depositories, 471.

■ expenditures, comparison of, 232.

■ indebtedness of the world, 58.

■ lands, sale of, 416.

Punched coins, counterfeit, 230.

Purchase of silver bullion by the treasury, 701.

## Q.

Quicksilver mines, 115, 870.

## R.

Rabbits and sparrows, cost of, 118.

Rag business, 301.

Railroad appraisement in Vermont, 70.

■ building in 1883, 785.

■ in the South, 282.

■ capital, 797.

■ carriages, lighting, 781.

■ construction in United States, 329.

■ mileage, 169.

■ Pacific, debts, 956.

■ securities, investors and, 735.

■ St. Gothard, 46.

■ taxation in New Jersey, 608.

Railroads, American, in Japan, 45.

■ in China, 378.

■ in Portugal, 392.

■ of the world, 550.

■ ownership of, 389.

Railway route, new, to the East, 529.

Real-estate prices, interest and rents, 418.

Receipt and investment of the Geneva award money, 130.

Receipts and expenditures, English, 311.

■ appropriations and expenditures of the Government, 187, 261, 347.

Reclamation in Russia, 614.

■ of the Zuyder Zee, 46.

Recovery and depression, 571.

Reduction, internal-revenue, 787.

■ of the revenues, 487.

Reforms, financial, Pitt's, 663, 737, 836, 914.

Refunding the French debt, 957.

- Regulations concerning defaced and lost bonds, 209.  
 Relative wealth of farms, 679.  
 Repealed bank taxes, 947.  
 Repeal of duty on silver, 50.  
 Report, comptroller's, 401.  
   ■ mint, 388.  
 Reports of trust companies, 233.  
 Repudiation, history of State, 759.  
 Resumption, Italian, 168, 826, 903.  
   ■ specie, in Italy, 5, 736.  
 Retirement of Treasurer Gilfillan, 794.  
 Retrospect and prospect, financial, 481.  
 Revenue, bank notes, the National, 896.  
   ■ expense of collecting internal, 149.  
   ■ salt, 475.  
   ■ stamps, internal, 712.  
 Revenues, reduction of the, 487.  
 Review, commercial, of the old year, 483.  
 Revision of savings-bank laws, 386.  
 Revolutionary debt, funding of the, 7, 105.  
 Revolution in the foreign export trade, 611.  
 Rhode Island, 955.  
 Robbery, bold, 391.  
   ■ of a farmers' safe deposit vault, 391.  
 Roman census, an ancient, 34.  
   ■ Catholic Savings Bank of Lawrence, 787.  
 Rothschilds, taxation of the, 548.  
 Russia, 310.  
   ■ and China, commerce between, 613.  
   ■ gold yield in, 60.  
   ■ reclamation in, 614.  
 Russian bankers, postal facilities for, 716.  
   ■ debt, 468.  
   ■ exports and imports of gold, 71.  
   ■ gold product, 59.  
 Rutland marble quarries, 708.
- S.
- Sahara inland sea, 376.  
 Sale of public lands, 416.  
 Salt revenue, 475.  
 Sap-trough currency, 797.  
 Savings-bank bill, N. Y., veto of, 950.  
   ■ ■ deposit, gift of, 292.  
   ■ ■ deposits, 941.  
   ■ ■ dividends and investments, 362.  
   ■ ■ Freedman's, 518.  
   ■ ■ investments, Massachusetts, 70.  
   ■ ■ ■ 898.  
   ■ ■ laws, revision of, 386.  
   ■ ■ Roman Catholic of Lawrence, 787.  
 Savings banks, capital and deposits of, 218.  
   ■ ■ Egyptian, 66.  
   ■ ■ France, 957.  
   ■ ■ in Italy, 310.  
   ■ ■ in Scotland, 957.  
   ■ ■ Maine, 600, 876.  
   ■ ■ new, 76, 153, 236, 314, 394, 475, 557, 637, 723, 802, 881, 960.  
   ■ ■ New York, 231, 752.  
   ■ ■ ■ statistics of, 755.  
   ■ ■ of Sweden and Norway, 757.  
   ■ ■ of Vermont, condition of, 370.  
   ■ ■ post-office, 547.  
 Scotch banking, theory and practice of, 847, 927.  
   ■ investments in the United States, 799.  
 Scotland, 957.  
 Securities, railroad, investors and, 735.  
 Shipment of gold abroad, 287.  
 Shrinking of grain, 572.  
 Siberia, gold mining in, 291.  
 Silk statistics, 115.  
 Silver and gold production for 1882, 697.  
   ■ bullion, purchase of, by the Treasury, 701.  
   ■ certificates, 796.  
   ■ coinage, 964.  
   ■ ■ profits on, 54.  
   ■ ■ subsidiary, 874.  
   ■ coin, value of, imports and exports, 204.  
   ■ demonetization of, in Holland, 796.  
   ■ importations into Austria from France, 635.  
   ■ law, operation of the, 632.  
   ■ mines of Nevada, 708.  
   ■ production of Bolivia, 943.  
   ■ purchases of by Government, six years, 652.  
   ■ question, new phase of, 964.  
   ■ ■ present condition of, 649.  
   ■ repeal of duty on, 50.  
   ■ Senator Hill on, 102.  
 Simpson check cancellor, the, 151.  
 Small paper currency in England, 259.  
 Smelting process, new, 220.  
   ■ works of Leadville, 309.  
 Smuggling, 550.  
 Soap as currency, 311.  
 South, railroad building in the, 282.  
 Southern circulation of small coins, 779.  
 South's surplus, where is the ? 254.  
 Spanish lead mines, 614.  
 Sparrows and rabbits, cost of, 118.  
 Specie resumption in Italy, 5, 736.  
 Specie shipments to India, 636.  
   ■ where the world's, is, 316.  
 Speculation and business, 85, 605.  
   ■ and money, 811.  
   ■ cotton, 70.  
   ■ England's great, 529.  
 Stamped checks, 875.  
 Stamps, internal-revenue, 712.  
 State finances, Arkansas, 700.  
   ■ repudiation, history of, 759.  
 Statement of amount notes and fractional silver coin outstanding, 298.  
 States and territories, bank capital and deposits in each, 222.  
 Statistics of street-car business, 611.  
   ■ of the liquor business, 451.  
 Steel and iron, production of, 41.  
 St. Gothard railroad, 46.  
 Stockholders of insolvent banks, liability of, 149.  
 Stock, quotations of New York City banks, 552.  
   ■ Suez Canal, dividends on, 71.  
   ■ who own bank, 308.  
 Stocks and bonds listed, new, 69.  
   ■ clearing house and banks, a, 561.  
   ■ paying, 955.

Stocks, pledge of, 138.  
 " quotations of leading, 79, 160, 240,  
 320, 400, 480, 560, 648, 728, 808,  
 887, 968.  
 Street cars, 611.  
 Strike at Cohoes, loss by, 309.  
 Strikes, labor, consequences of the, 1.  
 Sub-Treasury, money and the, 321.  
 Successful check raising, 390.  
 Suez Canal stock, dividends on, 71.  
 Sugar syndicate, a Hawaiian, 46.  
 Sureties on bonds, liabilities of, 616.  
 " on bookkeepers' bonds, 464.  
 Surplus and dividends of New York City  
 banks, 552.  
 " in Post-Office Department, 389.  
 " where is the South's, 254.  
 Sweden and Norway, savings banks of, 757.  
 Syndicate, Hawaiian sugar, 46.

## T.

Tariff, Dominion, 528.  
 Taxation, Austrian, 790.  
 " bank, 36.  
 " Italian, 587.  
 " in New Jersey, railroad, 608.  
 " liability of banks to local, 458.  
 " municipal, in city of Paris, 548.  
 " of banks, 935.  
 " of deer parks, 883.  
 " of insolvent banks, 62.  
 " of the Rothschilds, 548.  
 " of tobacco in France, 376.  
 Taxes, bank, the repealed, 947.  
 " liquor and tobacco, 523.  
 Tax system, Vermont's new, 454.  
 Telegraph decision, an important, 300.  
 " National postal, 632.  
 Ten-dollar certificates of 1879, 149.  
 Tennessee, 391, 715, 762.  
 " bonds, exchanging, 69.  
 Tennessee's unreasonable indignation, 564.  
 Theft, a bank teller's, 392.  
 Theory and practice of Scotch banking,  
 847, 927.  
 Thread industry, 779.  
 Three great banks of Europe, the, 119, 205.  
 " greatest importing cities, the, 71.  
 " per-cent. circular, the, 140.  
 Tight money, 733.  
 Tin discovery, 117.  
 Title to negotiable interest coupons, 704.  
 Tobacco and liquor taxes, 523.  
 " taxation of, in France, 376.  
 Trade, Chinese opium, 614.  
 " favorable balance of our, 893.  
 " foreign export, 611.  
 Transportation of fresh meat, 528.  
 Treasurer Polk's crime, 601.  
 Treasury, Mexican, 715.  
 " purchase of silver bullion, 701.  
 " United States, 874.  
 Trust companies, reports of, 233.  
 " funds, management of, 792.  
 Trustee, pledge of collaterals by, 857.  
 Tunnel, Arlberg, 220.  
 Turkish debt, 392.  
 " indemnity, 43.

## U.

United States Bank, the first, 502.  
 " " banking in, 395.  
 " " banking system of, 434.  
 " " bonds, exchange of, 308.  
 " " " outstanding, 18 years, 430.  
 " " " prices of, 465.  
 " " " securing circulation, 431.  
 " " clearing system in the, 593.  
 " " funded debt of, 429.  
 " " National banks of, 276, 354, 444,  
 511, 878.  
 " " population of, 825.  
 " " public debt, analysis of, 152.  
 " " public debt of, 710.  
 " " Scotch investments in, 799.  
 " " tax on liquors, etc., 451, 523.  
 " " Treasury, 874.  
 " " statistics of, 432.  
 " " wealth of, 290, 869.  
 Untaxed community, an, 470.  
 Usury law, New York, 69.

## V.

Validity of certain bonds, 713.  
 Value of Comstock mines, 310.  
 " of cotton seed, 221.  
 " of immigrants, 43.  
 " of iron, 610.  
 " of old coins, 942.  
 " of public buildings, 461.  
 Vermont, railroad appraisalment in, 70.  
 " savings banks, condition of, 370.  
 Vermont's new tax system, 454.  
 Veto of the N. Y. Savings-bank bill, 950.  
 Virginia, debt of, 760.

## W.

Wages, German, 303.  
 Waning fortunes, 549.  
 Wealth of farms, 679.  
 " of the United States, 290, 869.  
 " Queen Victoria's, 530.  
 " the world's, 782.  
 Weight of a million dollars, 549.  
 Weston, George M.:  
 Advantages of paying the national debt,  
 327.  
 Currency opinions of Gallatin, 109.  
 Interest, rents and real-estate prices, 418.  
 Money superseding barter, 181.  
 Prosperity of India, its currency and fin-  
 ances, 21.  
 What a bank does for a community, 170.  
 What is nickel? 615.  
 Wheat statistics of various countries, 284.  
 " supply and demand of, 284.  
 Where is the South's surplus? 254.  
 Women as Presidents, 956.  
 Wood, diachromatized, 42.  
 Woolen machinery, 462, 609.  
 Work of Congress, 729.  
 Works on political economy, banking,  
 finance, etc., 55.

## Z.

Zuyder Zee, reclamation of the, 46.

## LEGAL MISCELLANY.

*Decisions reported in the BANKER'S MAGAZINE, for the year ending June, 1883.*

- Agency, 225, 778.  
 Agent, fraud, negligence, 625.  
   ■ signature as, 946.  
 Assessment of taxes, 157.  
 Attachment of money will hold, when, 455.  
 Authority of president of National bank, estoppel, 706.  
 Bailment, 382.  
 Bank, rate of interest for loan by National, 777.  
   ■ remitting loss of draft at request of owner, 624.  
 Bills and notes, signing, 625.  
 Blank indorsement, 76.  
 Bookkeeper and manager not a servant, 707.  
 Bond, 67.  
 Bonds, premium on United States, 707.  
   ■ municipal, 141.  
 Chattel mortgage, rights of indorsee of note secured by, 777.  
 Checking out wife's deposit, 415.  
 Check, when bank gets title, 229.  
 Conflict of law, loan by a citizen of one State to citizen of another, 623.  
 Consideration, 543, 944.  
   ■ want of, 625.  
 Constitutional law, excise tax on insurance companies, 625.  
   ■ ■ license tax on National bank, 707.  
 Contract, illegal, 460.  
 Corporate stock, sale of, 622.  
 Corporation, 382.  
   ■ municipal, 777.  
   ■ transfer of stock, 542.  
 Damages, upon unauthorized sale of stock by broker, 778.  
 Defense to negotiable instrument procured by fraud, 383.  
 Deposit, title to, attachment, 543.  
   ■ wife's, checking out, 415.  
 Draft, bank remitting loss of, 624.  
 Evidence, certificate of notary as to married woman's acknowledgment, 622.  
   ■ official bond, 945.  
   ■ want of consideration, 625.  
 Estoppel, 624, 706.  
 Foreign bill of exchange, 944.  
 Guaranty, 67.  
 Illegal contract, 460.  
 Indorsee, rights of, 777.  
 Indorsement, 67, 295.  
   ■ blank, 76.  
   ■ forged, 142.  
   ■ notice, 295.  
 Injunction, 707.  
 Interest, rate of, for loan by National bank, 777.  
 Jurisdiction, 706.  
 Liability of stockholder, 707.  
 Manager and bookkeeper not a servant, 707.  
 Money, when attachment of, will hold, 455.  
 Mortgage, chattel, 777.  
   ■ to secure negotiable interest, 624.  
 Municipal bonds, 141, 384.  
 Municipal-bond coupons, 944.  
   ■ corporation, wrongful cancellation of stock by, 777.  
 Nat'l bank, equities as to mortgage, 275.  
   ■ ■ estoppel, authority of president, 706.  
   ■ ■ liability of shareholder, 295, 543.  
   ■ ■ license tax on, 707.  
   ■ ■ officers and receivers may sue in federal courts, 706.  
   ■ ■ rate of interest for loan by, 777.  
 Negotiable instrument, 67, 157, 223, 295, 383, 384, 623, 625, 707, 778, 946.  
   ■ ■ amount in body left blank, 623.  
   ■ ■ fraudulent conveyance, 946.  
   ■ ■ mortgage to secure, 624.  
   ■ ■ note on demand or three years after date, not, 625.  
   ■ ■ transfer by assignment, 623.  
   ■ ■ what is not, 223.  
 Note given for fraudulent claim, 543.  
   ■ demand or three years after date not a negotiable instrument, 625.  
   ■ secured by chattel mortgage, rights of indorsee, 777.  
 Notes and bills, signing, 625.  
 Notice, indorsement, 295.  
 Official bond, 945, 946.  
 Premium on United States bonds, 707.  
 Presentment and protest, 944.  
 President, authority of, 706.  
 Protest, 944.



- |  |  |
|--|--|
| Rate of interest by National bank, 777.                    | Suretyship, 383, 946.  |
| Receipt, explanation or contradiction of, 459.             | Tax, excise, on insurance companies, 625.<br>▪ license, on National bank, 707. |
| Security, when directors may take, 706.                    | Taxes, assessment of, 157.   |
| Signature as agent, 946.                                   | Transfer without indorsement, 460.   |
| ▪ of officer of company, 459.                              | United States bonds, premium on, 707. "1                                       |
| Statute of frauds, 945.                                    | Usury, estoppel, release at time of loan,<br>not, 624.<br>▪ what is, 460.      |
| Stock, corporate, sale of, 622.                            | Voluntary release of debt, 944.  |
| ▪ transfer of, 542.  | Want of consideration, evidence, 625.  |
| ▪ unauthorized sale of, by broker, 778.                    |  |
| ▪ wrongful cancellation of, by municipal corporation, 777. |  |
| Stockholder's liability, 543, 707.                         |  |
| Surety, 778.   |  |

---

## LIST OF CASES.

*Of which the Decisions are reported in the BANKER'S MAGAZINE  
AND STATISTICAL REGISTER, Volume XXXVII.*

- 
- Barnett *vs.* Ringgold, 224.  
 Evansville National Bank *vs.* Britton, 38.  
 First National Bank of Fort Scott *vs.* Drake, 765.  
 Hills *vs.* National Albany Exchange Bank, 36.  
 Hubbell *vs.* Drexel, 138.  
 Johnston, Walter S., Receiver, *vs.* The United States, 62.  
 London and County Bank *vs.* Groome, 618.  
 Loring *vs.* Brodie, Trustee, and the Merchants' National Bank. Same *vs.*  
     same, 857.  
 McCurdy, A. L., *vs.* The Society for Savings, 135.  
 McKim *vs.* King, 704.  
 McKnight, William S., et al. *vs.* The United States, 531.  
 Moores *vs.* Citizens' National Bank of Piqua, Ohio, 763.  
 National Loan and Building Association *vs.* Lichtenwalner, 702.  
 Northrop *vs.* Hale, 292.  
 Saylor *vs.* Bushong, 456.  
 Second National Bank of Titusville *vs.* Caldwell.  
 Williams *vs.* Williams, 379.

# INQUIRIES OF CORRESPONDENTS.

Acceptance, signature of, 301.

Bank, liability of, for stolen bonds, 304.  
 • lien, 469.

Banker's lien, 469.

Beresford case, the, 143.

Bonds, stolen, liability of bank for, 304.  
 • three-per-cent., as a basis for circulation, 788.

Cashier, employment of, 145.

Certificate of deposit, 49, 545, 627, 953.

Charging back a lost draft, 145.

Check, grace on, 873.

• payment of, 305, 386.

• right of drawee to change payee of, 711.

Checks, indorsement of, 626, 712.

• not payment, 953.

Circulation, three-per-cent. bonds as a basis for, 788.

Contract of indorsement, nature of, 871.

Days of grace, interest and, 871.

Death of drawer, 790.

Demand of notary, 385.

Deposit, certificate of, 49, 545, 627, 953.

• recovery of, 385.

Directors, election of, 711.

• proxy votes for, 712.

Discharge of drawer, 227.

Draft, charging back a lost, 145.

• not signed, 872.

• payment of, 48.

• protest of, 954.

Drawer, death of, 790.

• discharge of, 227.

• right of, to change payee of check, 711.

Election of directors, 711.

Forged indorsement, 142.

Forgery, 789.

Grace on check, 873.

Indorsement, blank, 544.

• contract of, 871.

Indorsement forged, 142, 544.

• fraudulent party, 47.

• of checks, 626, 712.

• recovery on forged, 226.

• stamped, 953.

Innocent parties, who shall bear the loss, 144.

Interest, 145, 790.

• and days of grace, 871.

• on note, 50.

Liability of bank for stolen bonds, 304.

Lien, bank, 469.

• banker's, 469.

National-bank notes, taxation of, 469.

• banks, power of, to hold real estate, 227.

Notary, demand of, 385.

Note, interest on, 50.

• part payment of, 873.

Notice of protest, 305, 386.

Payment of check, 305, 386.

• of draft, 48.

Power of National banks to hold real estate, 227.

Protest, notice of, 305, 386, 628.

• of draft, 954.

• when unnecessary, 49.

Proxy votes for directors, 712.

Real estate, power of National banks to hold, 227.

Recovery of deposit, 385.

• on forged indorsement, 226.

Right of drawer to change payee of check, 711.

Signature of acceptance, 304.

Stamped indorsement, 953.

Taxation of National-bank notes, 469.

Three-per-cent. bonds as a basis for circulation, 788.

Usury, 306.

Votes, proxy, for directors, 712.



THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

---

VOLUME XXXVII.

JULY, 1882.

No. 1.

---

CONSEQUENCES OF THE LABOR STRIKES.

During the last three months strikes have been more frequent among the laboring classes of this country than at any former time. In all the leading industries there has been a disinclination on the part of the workmen to work unless higher wages were given. The feeling of discontent over the rate of wages previously paid has been very general. The cost of living having advanced, unless a higher reward for their labor could be obtained, it would be necessary to adopt a different mode of living. This was not a cheerful thing for workmen to contemplate. So new demands for higher wages have been put forth, and strikes have followed. Among the iron workers these have been conducted on the largest scale, have been the most prolonged, and excited the greatest interest.

Notwithstanding the numerous strikes which have occurred, it is a real pleasure to note that thus far less violence has accompanied these movements than on many former occasions. Though new requests have been made of employers everywhere, threats and violence have rarely followed. In a few instances workmen who were desirous of laboring have been asked to desist, and measures have been employed to stop them. Happily the cases are few compared with the magnitude of the movement. The strikers on the whole have conducted themselves with unusual moderation.

The exhibition of such a spirit on their part may be accounted for in two ways; either because employers have acceded to the

demands of their workmen after a short delay, or because the latter have not felt strongly grounded in the expediency of striking. While the cost of living has increased, it is well known that the prices of most manufactured products have declined; and the hardships of the laborers have been no greater than those of their employers. To increase the price of wages in face of a decline in the price of products was a thing which many of the workmen themselves hardly expected could be done without causing loss to the manufacturers. Whatever cause has operated to restrain workmen from repeating those acts of violence with which we are too familiar, we may heartily rejoice because their demands have been made in such a peaceful manner. No property has been destroyed, and only a few lives have been threatened; the absence of these accompaniments of former strikes marks an advance which we with pleasure record.

The consequences of these movements, though free from violence and the destruction of property, are numerous and very serious. One of the immediate effects is the loss of wages to the workman, and consequently a diminution of his consuming power. If he receives less he has less to spend either for himself or his family. Not only do they suffer, but all who are employed in producing for them suffer from the diminished consumption. Thus the workman, whether he gains his point or not, does so at the expense in part of other classes of workers like himself.

But there is another consequence which just now stands out with very bold distinctness. For a couple of years past in many of the large cities building has been exceedingly active, and this year more structures were projected than ever. But after contracts were made for many of them and their execution begun, strikes for higher wages occurred. The consequence was speedily foreseen by the contractors. If they delayed to settle with the men, they could not complete their undertakings as soon as they had promised, and would be subjected to damages. If they yielded to the demands of their workmen, they would lose money in executing their contracts. Loss and perhaps ruin therefore have stared many a contractor in the face during the last few months from these unexpected demands on the part of those whom they employed. They entered into their engagements on the supposition that they would pay no more for labor than they had formerly paid, and to increase the price was not only to wipe out the margin of profit, but to execute contracts at a positive loss. This is the predicament in which many contractors have been placed by the recent demands of their men.

Where contracts had been only partially made the effect of these movements has been in not a few cases to postpone building altogether. The owners of land have concluded to wait for a more

favorable season. They believe it to be better economy to wait than to pay the higher prices demanded and which builders are obliged to ask. Thus the new demands of this class of laborers have had the effect of retarding building operations, and depriving themselves of employment.

This is a very harsh remedy, but the only one that can be devised. It is very severe to the land owner, for he loses the use of his land. His profit is derived from the building which he proposes to erect. He loses the interest on his investment, he must pay the taxes, and he gets no benefit whatever. The builder has no business, and the workman suffers from idleness. Thus, whenever his demands are so great as to curtail building operations the consequences are very serious to himself, his employer, and to other classes.

Labor must be rewarded and so must capital, and so far as the former seeks to get a fair share of what may be divided between both there is no just cause for complaining. But if labor seeks to get the whole, then either capital must cease to employ labor, or to raise the price of the product sold, and thus obtain a reward for itself. Now it will not be denied that one cause for the advance of prices within a few years is the larger compensation paid to labor. But the effect of this advance is, our markets offer new temptations to the foreign producer. Hence we have witnessed within a few months an enormous increase in our importations, brought about by the swelling of home prices beyond a point forbidding foreign competition.

It is not fair however to charge the entire advance, as so many newspapers have done, to the demands of the workingmen. The other reason is the desire of the employers themselves to reap greater profits. But from these two causes, higher wages and larger profits, prices have been driven up to a point inviting foreign competition and consequently importations have flowed into the country in alarming quantities.

It is true there are those who are not disturbed by this event; but they ought to be. Such a state of things cannot long continue without causing many derangements in our industrial system and heavy loss. Perhaps we can spare a few millions of gold toward liquidating the balance due abroad, but surely we have not enough to pay the entire debt we are accumulating. To buy and not pay is disgraceful; to send all the gold needed to discharge it, would reduce the amount so low as to derange our monetary system and imperil the continuance of specie payments.

No lesson of wisdom would seem to be plainer than that diminished exports should be followed by smaller importations in order to preserve an equilibrium all around. But by pursuing the opposite policy, by importing more at a time when importations

should be curtailed, and sending the gold abroad to pay for them, we are paving the way for a speedy return to diminished production at home, lower prices to the workingmen, and a smaller return to the capitalist.

This condition of things we are beginning keenly to realize. Production has diminished within a few months very largely. Why? Are fewer railroads in process of construction? Have many industrial enterprises failed or been postponed? Some have, as we have already shown; still a vast number of undertakings are in progress, railroad construction has not slackened, and yet the demand for products, especially of iron and steel manufacture, has seriously declined, and this is one reason why those engaged in the iron industry are so reluctant to advance wages. High prices at home have induced buyers to order from Great Britain. The amount of iron and steel and other products needed in this country has not declined, what has happened is, foreigners are furnishing them.

Now we repeat this result is due not to the workingmen alone, nor to the manufacturers alone, but to both combined. They have been eager to reap the largest profits possible, but their policy will inevitably prove to be costly to both classes in the end.

This demand for large wages as well as heavy returns to capital is having another effect which neither the working classes nor their employers can contemplate with pleasure. The plea for a high tariff has been to protect American labor from the pauper labor of Europe; but the supporters of this policy have not meant to sanction thereby excessive profits to capital nor too high wages for labor. But it must be acknowledged that the high prices which have been prevailing for the last two or three years have led many to inquire whether a little less protection would not have an equalizing and sobering effect among a very large class who need to be subdued somewhat in their aspirations. It is true they are beginning to pay pretty dearly for their folly, but many are questioning whether there would not be a healthier state of things if such a policy were adopted as would prevent these high prices; in other words, whether, if our tariff were so adjusted that competition would be somewhat keener, our country in the end would not be more prosperous and be freer from those revulsions which come from driving up prices so high as to lead to excessive competition which is the inevitable precursor of heavy losses and much general suffering.

So far as the justice of these strikes are concerned, not much need be said. The situation is very clear. On the one hand the cost of living has increased, on the other the price of almost all manufactures has declined. It has been currently reported that President Jarratt was opposed to the strike among the iron and

steel workers, but his judgment was overruled. He comprehended the situation of the employers. Probably the men were getting enough to live comfortably, even at the higher cost of food products. It would have been wiser doubtless to wait a little longer in the hope of buying the necessaries of living at lower prices. Certainly from the present outlook the price of breadstuffs and meat must ere long give way, unless the speculators are strong enough to defy successfully the action of those causes which have heretofore operated in diminishing prices.

---

### SPECIE RESUMPTION IN ITALY.

The progress of Specie Resumption in Italy on a gold basis has been followed with interest by many eyes, and fears have been frequently expressed that enough gold could not be obtained for the purpose without enhancing its value and disturbing the monetary arrangements of a great portion of the world. The plan adopted by the Italian Government however has been so far executed that no doubt remains of its ability to complete it, and without injury to any interest. A large portion of the gold needed has been procured, and measures are in process of successful execution for getting the balance required at an early day. So far indeed have the plans for accumulating gold been carried out that the premium thereon is gradually giving way, varying now between two and three per cent. while only a few months ago it was twice as great. The quantity of bullion to be paid into the Treasury by the contractors, according to the last report of the Director-General of Customs, is less than sixty million dollars, one-half of which only is to be paid in gold. With less than thirty millions of gold to pay, the doubt no longer exists of their ability to get it without much difficulty. They have conducted their operations with great prudence, drawing from Australia, England, the United States and other quarters in a way to disturb other business arrangements as little as possible. They seem to have realized the delicacy of their task, for, had their operations been such as to excite alarm, they might have found it difficult to fulfill their contracts except at a heavy loss.

Of the gold thus sent to Italy, the Government has recently paid a debt to the National bank of more than eight million dollars, so that when the loan is completed the gold available to the Treasury for resuming specie payments will be about eighty million dollars. But the *London Economist* says, it is asserted on good authority that Minister Magliani is adding to this gold fund about



thirty or forty million dollars which are obtained through the Custom House, so that when the time for resuming specie payments arrives there will probably be at least \$110,000,000 in gold available for that purpose.

The quantity of paper currency at present in circulation is \$188,000,000. Of this amount it is intended to circulate \$68,000,000 as small State notes and to redeem the balance. The amount to be redeemed therefore is \$120,000,000 against which the Government is expected to have \$110,000,000 in gold beside a considerable amount of silver.

Various calculations have been made of the amount of coined gold and silver which will probably exist in the country at the time of resuming specie payments. The *London Economist* furnishes the following table:

	Gold, Francs.		Five-Franc Silver Pieces. Francs.		Fractional Silver Currency. Francs.
In the Treasury..	550,000,000	....	100,000,000	....	95,000,000
In the banks.....	110,000,000	....	15,000,000	....	51,000,000
In the country....	90,000,000	....	100,000,000	....	10,000,000
	<hr/> 750,000,000		<hr/> 215,000,000		<hr/> 156,000,000

or a grand total of 1,121 million francs of coin, in addition to 340 millions of State notes, and 750 millions of legal-tender bank notes. The Government is at present taking back from France the last instalment of silver fractional currency of about sixteen million francs, paying for it in five-franc silver pieces. The amount of five-franc silver pieces coined by Italy is estimated at 380 million francs, of which, it is believed, about 160 or 180 millions will be out of Italy at the time of the resumption of specie payments. There is, besides, in the country a large amount of old silver money coined by past Governments, and which it would be rather difficult to estimate. The Government has lately tried to issue some small quantity of silver pieces of fifty centimes (5d.) but they were immediately hoarded for the payment of Custom duties. This would have caused a scarcity of change were it not for the large quantity of heavy copper money.

It is a cause for rejoicing that the Italian Government has approached so nearly to the point of restoring its currency to a sound condition. Of the evils which can afflict a nation a disordered unstable currency is among the worst. Italy has suffered long, but she has always kept her eye on resuming at the earliest practicable moment. The wisdom of her financiers is worthy of praise, the greater, too, because they will be able to accomplish the desired result with so little loss and suffering to the people.

## THE FUNDING OF THE REVOLUTIONARY DEBT.

Perhaps the gravest subject that ever confronted Congress was the Revolutionary Debt. The more thoughtful political leaders felt that the destiny of the Republic would turn upon the plans adopted for determining the amount and providing for its payment. No one saw more difficulties than Hamilton, yet he was confident of finding a safe path for the Nation. Nor was his faith, begotten by a profound study of the subject, shared by him alone. When President Washington was once conversing with Robert Morris about the condition of the finances of the country, he inquired "What are we to do with this heavy debt?" To which Morris replied; "There is but one man in the United States who can tell you; that is Alexander Hamilton." Doubtless Morris's reply was still fresh in Washington's mind when selecting Hamilton for Chief of the Treasury Department.

Soon after the first assembling of Congress, the House instructed Hamilton to prepare a report on the public debt for presentation at the next session. The subject was vast and intricate, nevertheless the clear eye of Hamilton was able to pierce through it and discover the true principles of settling the multifarious obligations of the Government, and also of providing for their payment after the amount should be determined.

The public indebtedness was of two kinds, foreign and domestic. The foreign creditors were France, Holland and Spain. The amount due to each Government was clearly known, and no one thought of repudiating or changing the terms of the several contracts under which the loans had been made. A small sum also was due to foreign officers who had served in the war for independence.

The domestic indebtedness was composed of three branches. In the first place may be mentioned the obligations incurred directly by the Government. These consisted originally of loan-office certificates amounting nominally to \$67,189,816.15. Certificates also had been given to persons from whom supplies had been seized for the use of the army; and other certificates had been given by commissioners in settlement of claims, and to soldiers. To these must be added bills of credit, and indents given for interest accruing on loan-office certificates, and the other certificates just mentioned. Lastly, there was the "registered debt," as it was called, consisting of certificates issued by the Register of the Treasury in lieu of other obligations.

A very considerable portion of this indebtedness had been trans-

ferred by the original holders at varying discounts to other persons; and one of the first questions started was, should the present holders be paid the face value of the debts thus purchased, or only what they had paid with interest? It was further suggested whether the difference between the two sums ought not to be paid to the original holders.

These questions were warmly debated in Congress and outside by the people. "An American Farmer" exclaimed, "Can it be thought reasonable or just that the assignee should now be entitled to that which the assignor honorably relinquished to the distressed state of the country. Must it not rather be regarded as the most atrocious act of iniquity and injustice that ever disgraced the annals of civil society, that to secure the full payment of the debt to the assignee, a funding system should take place by which the original creditors and their posterity will become the hewers of wood and the drawers of water to a foreign moneyed interest."

Hamilton had reasoned with consummate ability in favor of executing the contracts of the Government without reference to their transfer from one person to another. The majority of Congress agreed with him, although there were strong minds who thought otherwise, among whom were Madison and Jefferson. Public opinion, however, though not united strongly, coincided with the Hamiltonian view.

The following plan was devised for funding this portion of the public debt. A loan was to be opened by the Secretary of the Treasury, at the Treasury Office, and by Commissioners appointed for that purpose in each State. The loan was to be large enough to include the whole of this portion of the public debt. The holders were allowed to subscribe for the loan and pay therefor in the evidences of debt they held against the Government at their specie value, except that the continental money was to be received at the rate of one hundred dollars in bills to one in specie. The subscribers were to receive for the principal due to them stock for two-thirds of the principal, bearing six per cent. interest, payable quarterly, the Government having the right to redeem two per cent. of the stock every year if it desired, though under no obligation to do this. For the remaining one-third of the principal due to the subscribers they were to receive the same amount of stock bearing six per cent interest after the year 1800, and redeemable on the same terms as the other stock received for the two-thirds of the principal.

In respect to funding the interest due to this class of creditors it was to be reckoned on their various claims to December 1st, 1790, and certificates were to be given therefor bearing three per cent. interest and redeemable whenever the Government should make pro-

vision for that purpose. To persons holding indents taken for interest due on loan-office certificates and other obligations, similar certificates were to be given as those last mentioned.

Another portion of the public debt, which had been incurred by the States for carrying on the war, Hamilton maintained the Government ought to assume.

The controversy in respect to assuming it was bitter and prolonged, but the view of the Secretary finally prevailed, after a hard struggle, by a majority of only two votes. The Southern members were the chief opponents, and some of them were persuaded to yield by a concession on the part of Northern members concerning the final location of the capital. Thus was the National honor preserved, and the capital located on the banks of the drowsy Potomac.

The indebtedness incurred by the States was very varied, and in some cases the accounts were so confused that it was impossible to find out the exact amount expended for war purposes. One form of indebtedness however was common to all of them, namely, bills of credit of the new emission, for the payment of which the States were responsible. In regard to the other State obligations, they varied much in the several States. In Massachusetts, for example, half-pay notes had been issued to the widows and orphans of deceased officers, and certificates for the interest due on them, beside balances stated from the books of the commissioners for settling with the continental army. The Connecticut debt consisted of notes payable to the army, and others issued by special Act of the Assembly; notes issued for remounting dragoons, new ones issued in place of old notes reloaned; certificates for interest on State debt, unpaid balances of orders payable from a specific tax; State bills emitted in 1780; pay-table orders; and old emissions created before the war. In New York the debt was composed of certificates for money loaned by individuals; horse notes; notes issued for pay, and for depreciation of pay and pensions; certificates for the payment of levies and militia; for claims on forfeited estates and bills of credit. In New Jersey certificates were also given for depreciation of pay; and the country commissioners had issued certificates for military services. Another kind of certificates had been granted for demands against forfeited estates. In Virginia was the army debt; also that of the loan-office certificates for paper money funded; balances to foreign creditors, beside numerous land warrants which in many cases had been given for the same tract of land. The debt of South Carolina was reduced to a more systematic form, and consisted of principal and special indents and a foreign debt. The indebtedness of the other States had spread out in many ways, some of which were so dark and crooked that it was quite impossible to go far in them without getting lost. It was this confusion of the State finances which led Fisher Ames to remark: "We per-

ceive a great unavoidable confusion, throughout the whole scene presenting to the imagination a deep, dark and dreary chaos, impossible to be reduced to order without the mind of the architect is clear and capacious, and his power commensurate with the occasion."

The aggregate debt of the States which had been incurred in sustaining the common cause against Great Britain was supposed to be twenty-five million dollars. Twenty-one and a half millions were assumed as the amount expended, and Congress proposed to issue a loan for this sum, to which the States might subscribe, paying therefor in certificates or notes issued by them for debts contracted prior to the first of January, 1790. The amount of the subscription of each State was limited as follows :

New Hampshire..	\$ 300,000	....	Delaware.....	\$ 200,000
Massachusetts....	4,000,000	....	Maryland .....	800,000
Rhode Island.....	200,000	....	Virginia, .....	3,500,000
Connecticut .....	1,600,000	....	North Carolina..	2,400,000
New York.....	1,200,000	....	South Carolina..	4,000,000
New Jersey.....	800,000	....	Georgia.....	300,000
Pennsylvania ....	2,200,000	....		
			Total .....	\$ 21,500,000

The Act provided that if the total amount subscribed by any State exceeded the sum specified therein, a similar percentage should be deducted from the claims of all subscribers. Four-ninths of the stock issued by the Government for this loan bore interest at six per cent., beginning with the year 1792. For one-third three per cent. interest, beginning at the same time, and the balance, two-ninths, bore six per cent. interest after the year 1800. The latter kind of stock was to be redeemed whenever provision was made for that purpose, and in respect to seven-ninths of the stock the Government was at liberty to pay two per cent. annually if it desired, but no imperative obligation was created to pay it.

Nor did the Government forget to provide that in case a State did not subscribe for the whole amount to which it was entitled, interest should be paid on the balance in trust for its creditors. This undertaking was to be observed until there was a settlement of accounts between the Government and the different States. Moreover, each State was made a debtor to the Government for the amount subscribed and paid. Thus the creditors of the several States were to be paid by the Government; and the States were to become indebted to it and cease to be debtors to individuals.

There yet remained a third kind of domestic indebtedness existing between the States and the Government. The former had advanced money to the Government, and the latter had advanced money to the States. It was necessary to adjust these advances in order to distribute fairly the burden which each State ought to bear. Three commissioners were appointed to examine the claims,

which were to be presented before the first of July, 1791, "and to determine on all such as should have accrued for the general or particular defence during the war, and on evidence thereof, according to the principles of general equity, so as to provide for the final settlement of all accounts between the United States and the States individually." They were to debit the States with advances made to them, with interest thereon, to the beginning of the year 1790, and to credit them with disbursements and advances, with interest to the same period, and, having struck the balance due to each State, were to find the aggregate of all the balances which was to be apportioned between the States. The rule for apportioning the aggregate of the balance was to be the one prescribed in the National Constitution "for the apportionment of representation and direct taxes," as fixed by the first census. The difference between the apportionments and the respective balances was to be carried in a new account to the debit or credit of the States respectively, as the case might be.

Such were the forms of the National domestic indebtedness, and the plan adopted for funding it. The plan in every essential feature was the work of Hamilton. Congress made some clumsy alterations, but Hamilton might well rejoice that his plan had not been more disfigured.

When Hamilton presented his first report the debt of the United States, as nearly as could be ascertained, was as follows:

Foreign debt, principal.....	\$ 10,070,307 00
" " interest.....	1,640,071 62
	<hr/>
	\$ 11,710,378 62
	<hr/>
Domestic debt, principal.....	\$ 27,383,917 74
" " interest.....	13,030,168 20
	<hr/>
	\$ 40,414,085 94
	<hr/>
State debt ascertained.....	\$ 18,201,205 60
" " balance estimated.....	6,798,794 40
	<hr/>
	\$ 25,000,000 00

No creditor was compelled to subscribe to the loan; subscribing was purely voluntary; indeed, the entire funding scheme was only a proposal by the Government to its creditors. If they rejected it, their claims were not to be ignored. On the other hand, Congress provided that nothing in the Funding Act should be construed "in any wise to alter, abridge or impair the rights of those creditors of the United States" who should not subscribe to the loan, "or the contracts upon which their respective claims were founded." The non-subscribing creditors were to receive during the year 1791 "a rate per centum on the respective amounts of their respective demands, including interest to the last day of the

year, equal to interest payable to subscribing creditors," which was to be paid in the same manner. But as many of their certificates were counterfeits, or had not "been liquidated to specie value," they were required to procure new ones before receiving payment of their interest.

Thus, after a long and warm controversy, Congress launched a scheme for funding the public debt. It was not a perfect measure; rarely does a piece of legislation exhibit perfect workmanship. Every law is the embodiment of a compromise of opinion on the part of the law-makers; and the Funding Act was not the product of any new method of legislation. It was merely the expression of the united judgment of a body of men, many of whom yielded somewhat in order to accomplish something, though realizing the possibility of framing a wiser measure.

In Congress and elsewhere there were persons opposed to any plan of funding. They feared that such an adjustment of the debt meant an indefinite prolongation in the payment of it. Had not this been the effect of funding the English debt, they said, and will not a similar effect attend the transplanting of the system to our shore? With every step forward in applying the principle of funding, their opposition increased, reaching its height when the funding of the indebtedness of the States was attempted. Opposition was then so strong as to jeopardize the success of the entire movement. When the smoke of the contest had cleared away, two political parties might be seen whose opposition, though varying much in conviction, power and earnestness, has never ceased.

Some persons believed that funding was a great speculation, in which many who favored it expected to win fortunes by the rise in the value of the public debts. Jefferson plainly affirmed that the "greedy members" of Congress who voted for funding acted from self-interest. A large portion of the debt had been sold by the original holders, and every creditor of the Government doubtless was heartily in favor of funding. Others feared that it would cement the Government too strongly and change it into an aristocracy.

Indeed, the funding system was attacked so fiercely that Hamilton was induced to write a vindication of it. "It is a curious phenomenon in political history," he remarks, "that a measure which has elevated the credit of the country from a state of absolute prostration to a state of exalted pre-eminence, should bring upon the authors of it obloquy and reproach. It is certainly what, in the ordinary course of human affairs, they could not have anticipated."

If the adoption of the funding system created some opposition, it was very slight compared with the joy experienced generally by the people. The Ship of State had safely passed a dreaded bar, and the danger of shipwreck was over. ALBERT S. BOLLES.

## THE BUDGET OF FRANCE FOR 1883.\*

Some delve in the musty archives of the ancient French Monarchy has computed the average annual receipts of the King Saint Louis's Budget in the thirteenth century to have amounted in value to about three-and-a-half million francs of the present day. Twenty reigns later, Henry IV, playing the constitutional monarch for a brief period, allowed his notables to discuss a budget of ninety-four millions for 1597. Two centuries nearer our own day, on the eve of the French Revolution, Necker estimated the budget of Louis XVI at a round 500 millions. After the Revolution, Empire and Restoration, the first budget of a milliard for 1830 created a great sensation, but this milliard was quickly doubled in succeeding years, and has been more than tripled in the ordinary budget for 1883.

Not without reason does the Budget of France for 1883 excite far more than usual interest. The optimists see no cause for alarm in its growing figures, and point to the fact that within fifteen years the grand total of all other European budgets has augmented by about one-half. Since it costs so much more to live, why should it not cost more also to be governed? The demands upon the resources of government are ever increasing with the advance of civilization and democracy, but the National wealth is multiplying as well, and the weight of taxation is proportionally no greater. The pessimists see no reason in following the example of Russia and Greece, and ask what other European country can show a budget of such enormous figures and such relative weight as that of France? The increase of the public debt is not universal, for the United States, with unrivalled prosperity, are reducing instead of expanding their indebtedness. Optimists and pessimists are both right and both wrong, and a happy mean of truth is, doubtless, to be found between their extreme views.

Since the war with Germany, France has passed through two financial periods, and in the opinion of the able economist, M. Paul Leroy-Beaulieu, the Budget of 1883 may possibly be destined to mark the beginning of a third. The charges imposed upon the French Treasury by the unsuccessful war amounted to over eleven milliard francs, including the indemnity of five milliards exacted by the Germans, but the defeats of the armies were retrieved by a

\*Most of the facts and arguments relating to the French Budget of 1883 have been drawn from an article by M. Paul Leroy-Beaulieu in a recent number of the *Revue des Deux Mondes*; but use has also been made of an essay by M. A. de Foville in the *Journal des Economistes*, of the project for the Budget in the *Bulletin de Statistique*, and of an article by Mr. F. R. Conder in *Fraser's Magazine* for April, 1882.



most glorious financial campaign. From 1871 to 1874 was the period of financial difficulties, perfectly understood and manfully overcome. New taxes were piled upon new taxes; in less than five years more than a milliard was added to the ordinary revenues of the State; but deficits still succeeded one another. There was no lavish expenditure, the Government alone proposed disbursements, and the Deputies recoiled before the responsibility of adding one sou by their individual initiative to the Nation's crushing load of debt. Never was a greater energy of sacrifice displayed after so overwhelming a discomfiture.

The result might have been foreseen by any one acquainted with the French temperament, so much better adapted to wonderful spasmodic efforts than to very long perseverance. Poverty was hardly banished from one door before prodigality was welcomed at another. From 1875 deficits gave place to surpluses, and there was an enormous increase in the public revenue from taxes, an increase that appeared double the reality from an irregular method of evaluation. Economy now seemed out of date, the Ministry no longer enjoyed the monopoly of fixing expenditures, and every one of the 500 or more Deputies exercised his ingenuity in devising new ways of making away with the public money. Supplementary and extraordinary credits were accumulated and added to the ordinary budget by parliamentary initiative, to the amount of 250 million francs for 1879, 192 millions for 1881, and 127 millions for the just begun year of 1882. The excuse for these heavy disbursements was the surplus of receipts, showing such figures as ninety-eight millions in 1876, 134 millions in 1880. The increase of revenue naturally led to reductions of taxes, and about 300 millions have been cut off of the 800 millions imposed after the war. While the income of the State was thus diminished, there was no prudent retrenchment of expenditures, and the climax was capped by M. de Freycinet's great plans for the construction and improvement of railroads, canals, harbors, and other public works. These extraordinary expenses were first calculated at about four milliards in ten or twelve years; last year it was officially announced they would absorb no less than six milliards, and in time they will doubtless swell to seven or eight milliards.

The great railway companies were formerly allowed to undertake the building of new lines, but now the help of private enterprise was rejected, and the State was alone to do all. Beside the ever increasing demands of the Minister of Public Works, the two "accounts of liquidation," destined to replace the exhausted material of the Ministries of War and Marine, have swallowed up about two milliards, until the expression seeming rather absurd for so long continued expenses, a "budget of expenditures from extraordinary resources" is to be substituted, and to embrace

all extraordinary expenditures for the material regeneration of France. This extraordinary budget has of late attained an annual figure of from 500 to 900 million francs. Taken one by one, as legislators always consider them, criticism finds little to carp at in the multitude of extraordinary expenditures from the French Treasury. France wishes to be prosperous and invincible; new railroads, canals, harbors, fortresses, a fresh army and navy are indispensable. New telegraph lines must be laid; the merchant marine requires assistance; public edifices have to be built or enlarged; schools and universities call for subsidies; the State must aid in the gratuitous primary instruction of the Communes; the pensions of soldiers and sailors are insufficient; humble Government officials merit an increase of salary; the victims of the *coup d'état* of 1851, of the phylloxera, and of recent inundations call not in vain for compensation: and expositions, National festivals, scientific missions, the purchase of theatrical scenery, antiquities, and works of art take considerable amounts of the public money. The budget for 1883 shows an increase of anticipated expenditures of 104 per cent. over the actual expenditures of 1869, the last year before the war. The first septennial period with its terrible liquidation contributed, of course, the greater part of this immense increase, but the second period of boundless prodigality has not been far behind.

Enormous charges have had to be met, and the evil is made still worse by the obscurity surrounding them. For example the extraordinary budget of 1880 was first fixed at 615 millions; successive amendments added thirty-one and one-half, twenty-one, one and one-half, and 153 millions francs, swelling it to 822 millions; deductions were made at the same time, and the amount finally arrived at was 582 millions. The extraordinary budget of 1881 passed through quite as many transformations; five bills placed it at 682 millions, and a whole series of modifications, additions and subtractions have raised it at last to the colossal figure of 948 millions. With such incessantly shifting figures, probably not one in twenty of the French legislators has any clear conception of the actual financial condition of his country, or fully realizes the financial embarrassments that make a period of economy almost an absolute necessity.

The demands of the extraordinary budgets could only be satisfied by loans, and loans have been put forth in almost every form. The last loan of one milliard redeemable rente was issued in 1881, and has not as yet been entirely taken up by real investors, but instead of paying for works yet to be done, this loan had to cover expenses already incurred in 1879 and 1880. The greater part of the extraordinary expenses of 1881 and all those of 1882 must be provided for from the floating debt, which is made up of the total

amount of funds held on deposit by the public treasury and payable for the most part on demand or within a short time to its depositors.

The proper function of the floating debt is to furnish money for the running expenses of the Treasury and for unpaid balances of former budgets. The taxes are now so regularly collected that there is little need of the funds of the floating debt for running expenses, and the unpaid balances of former budgets amount to not over 700 millions, so that a floating debt of one milliard ought to be quite enough. All countries of good finances have small floating debts, while Turkey, Egypt, Spain, and other like improvident Governments have enormous floating debts. If the present system be longer persevered in, France will speedily have a floating debt, unprecedented anywhere, of three milliards, of which two milliards 300 millions will be of recent origin.

The present financial condition of France may thus be summed up: she has a floating debt of nearly three milliards, an ordinary budget of more than three milliards; the taxes, including those of departments and communes, foot up about four milliards, and the administration of State, departments and communes demands five milliards of annual expenditures. These figures have been attained, when M. de Freycinet's great plans for public works have only begun to be carried out. It is much to be feared that a new period has arrived to be marked by great embarrassment, increasing difficulty of balancing the budgets, by deficits, and by a possible necessity for new taxes. Such seems to be the prospect, unless there is a change of system.

When the present French ministry was formed on the 30th of last January, the financial programme was embodied in the three negations, no public loan, no purchase of the railroads, no conversion. M. Léon Say, the Minister of Finance, deserves great praise for his courageous grappling with difficult problems and for his skillful solution of them in the projected French budget for 1883. The estimated receipts of the ordinary budget are 3,030,289,092 francs, showing the comparatively small surplus of 2,458,994 francs over the 3,027,830,098 francs of estimated expenditures. This heavily laden budget may be allowed to pass, but the sagacity of the minister was still further exercised in the regulation of the floating debt, in reducing and providing for the budget of expenditures from extraordinary resources, and in devising a new method of estimating the receipts of the ordinary budget. A floating debt of three milliards is very repugnant to French financial habits, but there seemed no other source from which to draw funds to meet the extraordinary expenditures of the last three years. To regulate this large floating indebtedness, one of two plans must be followed: either a great Government loan must be issued, or the

expenditures must be cut down, and a considerable part of the floating engagements consolidated in some other way than by a Government loan. M. Say applies the latter plan very ingeniously, for it is evident that the market, agitated by the financial crisis of last January, would hardly endure a new loan, and the public credit would be much impaired thereby. His predecessor had demanded 621 million francs for extraordinary expenditures in 1883, but in the new extraordinary budget this amount is changed and reduced, so that there is no necessity of recurring to a public loan or to the floating debt. The sum of 892 million francs was to form a fund for roads and schools, but the raising of it is now distributed through several years. Besides the 700 millions of unpaid balances of old budgets, the floating debt is made up of about 1180 millions of engagements, corresponding to the extraordinary expenditures of 1881 and 1882. The latter amount is consolidated by the creation of about 1200 million francs of immobilized redeemable rentes, which will be the representation of the resources drawn by the floating debt from securities from the obligatory advances of some of its correspondents, and especially from the funds of the Savings banks. The minister intends only to regulate the past and present engagements, and there is no innovation in regard to the Savings banks. Between the Savings banks and the Government is a responsible mediator known as the *caisse des dépôts et consignations*. The Savings banks turn over their funds to the *caisse des dépôts*, which give them four per cent. interest and makes use of the funds in two ways, applying the larger portion to the purchase of Government securities or rentes, and the remainder to its current account with the treasury. The deposits of Savings banks have wonderfully increased within the last ten years, and now amount to 1425 million francs, of which 916 millions are in Government securities and 508 millions in funds held by the treasury. M. Léon Say proposes to consolidate in immobilized redeemable rentes 450 millions of the current account of the *caisse des dépôts et consignations* and 300 millions of long-term treasury bonds held by the *caisse des dépôts*, and to deliver directly through the treasury 250 million francs of redeemable rentes, representing the probable new deposits of 1882 and 1883. This is a milliard, and it is increased to 1200 millions by the consolidation of sureties and some other credits. The funds of the Savings banks would eventually in any case have to be invested in Government securities, and there is really no inconvenience in making them attain their ultimate destination at once. These immobilized rentes can scarcely be said to constitute a public loan; they do not increase the public indebtedness, but simply give new form to an old debt. Their being immobilized will keep them from the financial market, and that there

can be no better form of investment is shown by the degree of favor the similar terminable annuities have enjoyed in England.

When once the floating debt has been regulated, care must be taken that it does not again grow to such formidable proportions. France has engaged to pay 600 or 700 million francs a year for extraordinary works. The present chief of the Cabinet, M. de Freycinet, can scarcely be expected to give up entirely the far-reaching plans that bear his name, and public opinion sees no necessity for his doing so, consequently it is proposed to revive the old system of entrusting a portion of the public works to private enterprise. After transferring from the extraordinary to the ordinary budget, and using up former unexhausted credits, M. Say has still to find 297 million francs for his extraordinary expenditures. He allows the great railway companies to undertake the building of new lines costing forty millions, and obtains from them the reimbursement of 260 millions advanced by the State as guarantee of interest. This is the most assailed point of the budget of 1883, but it is too often imperfectly understood. The sums advanced by the State as guarantee of interest are not gifts, but are to be repaid, and bear four per cent. simple interest. The railroad companies turn over to the State all the surplus of their net receipts over the dues on their bonds, and a certain fixed reserved revenue, and their dividends are thus limited until the State is repaid. Railway traffic is now so developed that only one company has recourse to the guarantee, while three are repaying the State. At the end of 1879, the companies owed the treasury for guaranteed interest 494 million francs as capital, and 109½ millions as interest, or together more than 603 millions, and the situation is now little changed. The reimbursement depends entirely upon the receipts of the railway corporations; it may be hastened, or it may cease and be changed into a call from the companies for further advances from the treasury, and it is desired to make this resource immediate and sure. Three companies are expected to make up the 260 million francs to be repaid the State. If this amount were obtained from institutions of credit the State would have to pay interest, and in other respects the advantage seems to be on the side of the State, for the railway companies now pay no interest on accrued interest, but would have to pay a higher rate of interest on all bonds issued to provide funds for reimbursement, and they would also lose the power of stopping their payments when receipts fall off. The greatest gain for the State, however, is that the companies consent to build and run at their own expense and risk a very large share of the 17,000 kilometers of new railroads promised the country. These new roads will cost three or four milliards, and will require 120 or 160 million francs to pay the interest on the capital employed; from their situation they must necessarily be long unproductive. Besides applying

almost the whole of their increased value to the construction of new and unprofitable lines, the railway companies agree to the reductions in rates of fare and freight which they have hitherto opposed, and it has been officially estimated that the total sacrifice accepted by the companies will amount to 100 million francs a year.

One must wonder what adequate compensation the Government can give for so great a sacrifice. The sole compensation is embodied in an agreement that the railroads shall not be purchased by the State within the next fifteen years. The railroads of France have always been more closely related to Government than is the case in England or the United States, and they have been regarded as a sort of Government institution. The course and distribution of the lines were invariably determined by Government, and private enterprise was never allowed to run riot in the construction of competing lines between the same points. An admirably systematic arrangement is thus visible throughout as the result of the three guiding principles, that the lines of railway must be laid out to best serve military and civil needs, that at fixed periods they become National property, and that they are not to be burdened by any oppressive charges. The State purchase of railroads is only a question of time in France; indeed the State has only to wait and the roads become its own at the expiration of their concessions on payment for their working stock, which is only about one-tenth the entire value of the lines. Purchase is therefore simply ante-dating the natural course of events, and the chief reason for immediate purchase is to effect a large reduction of rates. The great railway companies have fondly imagined that they would be allowed to work their lines and charge their own rates until their time was up, but now that the subject of State purchase has been vigorously agitated, they feel their existence in danger, dare not venture on improvements and extension of their operations, and are willing to undergo great sacrifices to secure a further lease of life for fifteen years. Stability is as necessary to their success as to that of any other business, and their progress is checked until their fate is decided once for all. If the mutual concessions of the railroads and the State be compared, the latter will be found to have much the best of the bargain. Its only concession would be an imperative duty in any event, for no minister, thoroughly understanding the present condition of the French finances, would dream of undertaking so ruinous an enterprise as the immediate purchase of the railways with the insufficient means at his command. The postponement of the purchase is no renunciation of the right of the State, and fifteen years are but a short period in the life of a nation. Immediate purchase is utterly impossible, but it is much to be feared that the question will be left open, and that years of indecision and fruitless discussion will check the development of railroad traffic and allow the finances of the State to go

from bad to worse. The giving up of purchase for the next fifteen years is therefore the very base of the French budget of 1883 and of succeeding years, for experience has clearly demonstrated that the ruinous system of public works adopted during four years past can no longer be persevered in.

Indirectly M. Say hopes to circumscribe the immense increase of public expenditure due to the initiative of members of Parliament. The official statistics show very great augmentations of the public income, and the deputies find in them the sole justification of their boundless extravagance. But the actual increase of revenue is not nearly so great as it seems, for the receipts are not estimated high enough in the primitive budget. The population of France increases 100,000 souls every year, the savings of the people capitalize about two milliards annually and increase the National wealth by one one-hundredth, industrial and scientific progress augment the productiveness of labor and capital; all these causes contribute to raise the revenue from taxes seventy to one hundred and twenty million francs a year. All civilized countries show the same natural phenomenon. This increase of revenue amounts to from three to five per cent. of the taxes, but it is an error to expect it to assume and maintain very extravagant proportions. M. Leon Say proposes to estimate the receipts of the budget of 1883 by the receipts of 1882, instead of basing them upon the receipts of 1881 or the second year before, as has always been done thus far. Calculating the receipts of one budget upon those of the second preceding and making no allowance for the intervening budget would of course give too low an estimate, and at the end of the budgetary year the actual receipts would show twice as great an increase as the estimated. The apparent increase would be that of two years instead of one, double what it should be, and the same actual increase of one year would do duty in two or more successive budgets. The receipts of 1882 not being known, the minister takes the known figures of 1881, and adds the normal increase of a single year, calculated on the average of the last three years. This higher estimate of receipts will diminish the apparent increase of revenue, and the nation's representatives will no longer have this excuse for their prodigality of supplementary credits. One other change, and that a most regrettable one, M. Say is constrained to make, to postpone the redemption of the short-term bonds from 1885 to 1887.

The budget of France for 1883 has been called a budget of repose, but it is more than that; it is a strenuous effort to settle the extravagant obligations of the past and the present, and to put a brake upon such extravagance for the future. To most of the inhabitants and many of the legislators of France, it will be disagreeable news that the finances have become so embarrassed that only by adopting

a new method of estimating the receipts and by postponing the redemption of due bonds is the minister of finance able to show a surplus of a little over two million francs in a budget of over three milliards. Parliamentary prodigality, a defective system of accounts, and more than all else the extraordinary demands for public works have been the causes of this bad financial situation. Talleyrand would say far too much zeal had been displayed by the people's representatives in running the nation into debt. A correct diagnosis is the first condition of a perfect cure, and a little prudence will soon make France herself again financially. The evil has been fully probed and published, and it has been made sufficiently manifest that gigantic designs must be given up, or that recurring deficits will lead to an increase of taxes, instead of the reductions the people are so ardently longing for.

O. A. BIERSTADT.

## PROSPERITY OF INDIA; ITS CURRENCY AND FINANCES.

M. Cernuschi visited the United States in the winter of 1876-7, for no other known or avowed object than that of dissuading this country from resuming the coinage of silver, until its coinage was first resumed in Europe, or in some considerable portion of Europe. In his testimony (February, 1877) before the U. S. Monetary Commission, he said—

In my opinion, no country can coin silver alone. . . . If the United States coins silver and Europe coins gold, what can you do with your silver? You cannot pay Europe.

It is better to maintain the paper money (greenbacks) than to issue a National currency of silver, if the other nations do not use that metal as money.

Bi-metallism [meaning by that the special theory of which he was the inventor, and has been the unwearied expounder] requires that the two metals should *be used everywhere at a fixed ratio by law*. . . . You could not pay England except by sustaining heavy losses in selling your silver dollars as merchandise on the London market. A common money is necessary for paying the balances between the two countries.

If you have only silver for money and Europe has only gold, you remain in the situation of India. . . .

The present position of India against England engenders heavy losses to both countries. . . . India having to pay fifteen millions of sterling gold per year to England, . . . the Government of India was losing twenty per cent. on banking Exchange between India and London, so that Government deemed that famine, war and drought are, for India, lesser evils than is the depression of silver in London, that is to say, the great increase in the price of gold in India.



In various other parts of the elaborate exposition of his financial views which he presented to the U. S. Monetary Commission, he insisted that India was suffering the most deplorable losses in its trade and otherwise, from the fact that it is now necessary to give twelve silver rupees in exchange for a gold sovereign, instead of ten rupees as formerly. And, as will have been seen, he did not even hesitate to adopt and indorse a declaration which he alleges to have been made by the Government of India, that that depreciation of silver relatively to gold is a worse calamity for that great empire than "*famine, war and drought.*"

A distinguished Belgian writer, Laveleye, who adopts many of the peculiar ideas of Cernuschi, said in a paper entitled *The Monetary Question*, published in December, 1880, that India, under the direction of England, would always be ready to be a party to a general international bi-metallic union, in order to obtain the two following results, which seem to him to be desirable—

First, the value of silver being increased, the enormous losses which the depreciation of this metal entails upon the country would be at an end; and, secondly, it would be a means of introducing into India a certain circulation of gold, a result much to be desired.

Before proceeding to discuss, as a matter of reasoning, the effect upon India of the change in the relation of value between gold and silver which has occurred since 1873-4, it will be useful to collect the most authentic and reliable evidence within reach, as to the present condition, as a matter of fact, of the trade, industry, public revenue and general progress of that country.

The London *Economist* of March 11, 1882, says of the Indian Budget—

It is certainly very gratifying to find that the Indian revenue is displaying an elasticity such as a few years ago few would have expected of it.

In the same number of the *Economist*, the editors said, by way of comment upon certain observations of Mr. Balfour, at a bi-metallic meeting held in London a few days previously—

He dilated upon the deep injury which the depreciation of silver has inflicted upon the trade of India. But is it not the case that during the past few years, during which the depreciation of silver has been the greatest, the trade of India has enjoyed almost unparalleled prosperity? According to the official reports, the figures of the Indian imports and exports in 1880-81 were the highest ever recorded. And in the current year, these previously-unprecedented totals have been considerably exceeded; while the remarkable elasticity of the revenue shows that there is now a more generally diffused well-being than ever before amongst the masses of the population. If, then, as Mr. Balfour says—we are to judge of the depreciation of silver from its effects upon India, the justification of his complaints of deep injury is hard to dis-

cover. It is quite true, as Mr. Balfour contended, that the alteration in the value of silver has introduced an element of uncertainty into trade; but what causes that uncertainty is not the actual depreciation of the metal, but the constant fluctuation in its value. Trade would be as steady and unspeculative with silver firm at two shillings per ounce, as if the quotation were five shillings per ounce. The best thing that can happen, therefore, is for silver to be allowed to find its true level.

During the Indian fiscal year 1881-2 (terminating March 31), the favorable balance of its foreign trade (reducing rupees to their actual gold value), was \$136,885,000, as compared with \$89,435,000 during the year 1880-81, and with \$108,525,000 during the year 1879-80.

These enlarging favorable balances in its foreign trade, cause an increased flow of both gold and silver to India. During the fiscal year ending March 31, 1882, the Indian imports of gold and silver, reckoning silver at its present gold valuation, were—

Gold.....	\$ 20,235,000
Silver.....	26,945,000

The London *Economist* of May 6, says—

India is thus once more beginning to display her power of absorbing immense quantities of silver, and in the present expectant state of the market for that metal her renewed action in this respect will be watched with interest,

In April, 1882, the London *Times* published a letter dated March 26, 1882, from its Calcutta correspondent, upon "*Indian Prospects*," the general tenor of which is exhibited by the following extracts:

Its [India's] material resources are being slowly discovered, and it is dawning on those who are interested in its future that the potential energy of 250 millions of people, directed by English heads, may yet produce something out of this India which will astonish the world. . . .

Every new line (of railway) seems to create a want for a supplementary line, and the returns have been so good that the Indian Government considers that the time has come when English capital should venture on these enterprises without any guarantee. . . .

The marked success of the cotton spinning and weaving mills in Bombay, after preliminary failures, has led to a great extension of this industry, nor does there seem to be any limit, practically speaking, to this extension. . . .

The jute mills in Bengal are well known as successful enterprises, having eclipsed the special industry of Dundee. The demand for their products continues to increase. Some of the jute mills are making extraordinary profits. . . .

Coal is worked in Bengal by the East Indian Railway, and by upwards of sixty other collieries, the total output being not far short of one million tons per annum. Iron mining has not proved the success which the friends of India would like to see, but the ore is there, and further experience may enable it to be worked profitably. Rope-making is already a large industry. Dye works, soap works, sugar refineries, silk works and paper mills are all

going concerns, and presumably profitable. The Indian breweries turn out two million gallons of beer every year, more than half of which is taken by the Bengal Commissariat.

In the May (1882) number of *The Journal of the London Institute of Bankers* will be found an address delivered March 15, 1882, before that body, by Sir Richard Temple, who has been long connected with the financial department of the Indian Government. In respect to the general commercial and industrial prosperity of India, his views quite agree with those of the Calcutta correspondent of the *London Times*. The following extract gives his summing up of the progress of its public finances during the recent famines and the Afghan war :

It is the fact that towards the expenses of this war India contributed fourteen millions sterling out of her current revenues, and though she had in the urgency of the time to appropriate quite temporarily the famine insurance money, she repaid every farthing of that the moment she got the promised subsidy (five millions sterling) from the English Government. So you see she really has a surplus, and there is still some expense remaining to be paid for the Afghan war; but after the favorable budget, of which we have just received notice from India, one cannot doubt that the expense of the war will be defrayed in the same sound financial manner as it has hitherto been. Thus, at the present moment, Indian finances stand in the satisfactory position that they have still a small surplus, notwithstanding that they have defrayed fifteen millions for famine and fourteen millions for war; and besides this there is the fact that this heavy war expense has been entirely defrayed without borrowing.

If it be really true, as Cernuschi and his disciples suppose, that the depreciation of silver relatively to gold is for India a worse calamity than wars, or the famines which drought produces, it will appear remarkable that that country has never prospered more in its industries, trade, internal development and public finances than during the past few years, when there has been a depreciation of silver relative to gold concurrently with both war and famine. Without doubt it must be admitted that the mere fact of the prosperity of India during that sort of depreciation of silver is not a conclusive proof that such depreciation has not been injurious to it. Any country may flourish in spite of many circumstances which are adverse, and it might possibly be true that India would now be more flourishing if ten silver rupees had continued to the present time to possess the same market value as one gold sovereign. But, at any rate, there is nothing on the face of the existing facts of the condition of India, to create a presumption that it has received any injury from the circumstance that a gold sovereign is now worth in the market twelve silver rupees. If we can be made to believe that, it must be by some process of reasoning which satisfies us that such a change in the

gold price of the rupee must necessarily be injurious to a country in which that coin is the unit and standard of monetary value.

In the present case the change in the market relation of the rupee and the sovereign has not arisen from any fall in the value of the rupee in relation to commodities in general, or, in other words, in the purchasing power of the rupee. In fact, the evidence shows a rise rather than a fall in the value of the rupee in India since 1873. In 1876 the British Silver Commission reported that the rupee would buy as much there as before what is called the depreciation of silver. In the same year the Bombay Chamber of Commerce reported to the same effect, in reply to the inquiries of Lord Salisbury, British Minister of Foreign Affairs. The report (1877) of the United States Monetary Commission showed that the general range of Indian prices was then below the ordinary level; or, in other words, that the rupee was more valuable than ever. That the rupee still maintains its value in 1882 is affirmed by Sir Richard Temple in his recent address. He says:

The rupee still seems to have at least the same purchasing power as it had before the depreciation (relatively to gold) set in. . . . Has the rise of prices and of wages increased since, say, the year 1870 or 1871? Well, gentlemen, this is a matter of fact, and there is no time for me this evening to prove it to you, but I can assure you, on the whole, the best opinions in India are to the effect that there has been no particular rise since that time.

In the discussion in the Bankers' Institute which followed the delivery of Sir R. Temple's address, the correctness of his statement that the value of the rupee in India had been maintained since 1870-1 was admitted on all sides.

Mr. Wood said:

I have nothing to object against the statement advanced by Sir Richard Temple, that the purchasing power of the rupee has not lessened.

Mr. Robert Monnel said:

A few days ago Mr. McLeon, who has, I believe, been honorably connected with the Bombay mint for many years, read a paper before the Society of Arts. The most extraordinary fact brought to light by that paper was that the rupee was in India as efficacious a purchasing element as when it was received in England at the full value of two shillings.

It is established and admitted, that in Europe since 1873 the fall in the general range of the gold prices of commodities and labor has equaled and even exceeded the fall in the gold price of silver, so that the latter metal in the bullion form has since that date been worth at least as much in Europe and throughout the com-

mercial world in exchange for commodities and labor as before. While therefore, silver has depreciated relatively to gold, it has at least fully maintained its purchasing power not only in Indian markets, but in all markets, in respect to the general mass of everything except gold.

What India has suffered from since 1873 is not a fall in the value of silver, since none has occurred either at home or abroad, but the rise in the value of gold, and the principal reason why the increased value of gold has affected India so disastrously is the fact that it happens to owe an immense debt payable in England and in sterling money, that is to say, in gold money. The interest on its public debt and other charges of its Government, which are required to be met in England and in English currency, amount to \$75,000,000 annually, to which is to be added the interest on a large amount of Indian corporate and individual debt payable in the same country and in the same money. If this foreign, sterling indebtedness had not existed, India would have suffered nothing from the rise in gold, beyond the increased cost of so much of that metal (averaging annually during the last three years about \$14,000,000), which it purchases for consumption in the arts and for ornaments.

In the opinion of Cernuschi, India suffers from the fact that silver has not risen equally in value with gold, so that it cannot pay Europe with silver, and is forced to lose *"twenty per cent. on banking exchange between India and London"* on account of *"the depression of silver"* in the latter place. But no country, unless it has mines which produce gold and silver beyond its own consumption can, as a permanent fact, use the precious metals for the payment of foreign debts, or the purchase of foreign merchandise. There may be outflows and inflows of gold and silver, but they will be temporary and alternating, and upon the whole the inflows must exceed the outflows, if the domestic production falls short of the domestic consumption. In the particular case of India, which is without silver mines, but is an immense consumer of silver for both monetary and ornamental purposes, it has been a receiver and buyer of that metal, and never a seller of it, since the days of the Romans, and will so remain until all the facts of mining and all the conditions of trade between the Eastern and Western Worlds are changed. India has never sent silver to London, either to pay debts, or to buy merchandise, and would be plainly a gainer, not a loser, if a real fall in the value of silver should occur in England, where it has been a constant purchaser of that metal. The loss to India since 1873 has been the rise in the value of gold, and that loss would in no manner have been avoided if silver had risen equally at the same time. India pays its debts and meets its purchases of merchandise in England, not in silver, of which it never has any to spare, and of which it has been for two thousand years an insatiable consumer, but in its ex-

portable products, cotton, rice, jute, hides, hemp, &c., and in recent times tea and wheat, and it is on account of the diminished European gold prices of these products that the real burden of the principal and interest of its gold debts is so disastrously increased.

What is called "*the depreciation of silver*," and what is properly so called in England, where gold is the standard metal in which all prices are stated, is in the present case nothing more than the failure of silver to rise in value *pari passu* with gold. This sort of "*depreciation*," to which silver has been subjected since 1873-4, has been in no particular, or in the slightest degree, injurious to India. On the contrary, it has been the salvation of that country in all its industrial and commercial interests, and it is mainly in consequence of the "*depreciation of silver*" that India has escaped in so large a degree the financial revulsion which has afflicted all other parts of the commercial world. If silver had risen in value *pari passu* with gold, prices would have been as much prostrated, and there would have been the same stagnation in business, falling off in industries and shrinkage of the volume of trade in India as in Europe and America. That country has suffered many misfortunes since 1873. It has been afflicted by droughts and famines. It has had most unjustly thrown upon its exchequer three-fourths of the expenses of the costly war with Afghanistan, which Great Britain waged for Imperial objects, having very little connection with Indian interests. It has been subjected to an increase of not far from \$15,000,000 annually in the burden of the gold interest which it is obliged to pay in London. But in spite of these many and great misfortunes it has nevertheless prospered, and this has only been because the (so called) "*depreciation of silver*," has saved it from that greatest of all calamities, the appreciation of money, from which the Western World has suffered so memorably in recent years.

Cernuschi supposes that India, by reason of the (so-called) "*depression of silver*," has lost "*twenty per cent, on banking exchange between India and London*."

But no loss by banking exchange between two countries using metal money, either of the same metal, or of different metals, can ever exceed the costs of all kinds of moving the metals from one country to the other. The par of exchange between them at every given time is fixed by a comparison of the market values of such time of the bullion in the coins which constitute their monetary units. The variations of exchange above and below this par are always small, and they are also ordinarily alternating, so that losses at one time are offset by gains at another.

It is true that it now requires twelve silver rupees in Calcutta to purchase a bill for one gold sovereign, but in international transactions it is only the bullion value of coins which is taken

into the account, and in neither the Calcutta nor the London market, at the present time, is the silver in a rupee worth more than about one-twelfth of the gold in a sovereign. In either market, as much of any species of commodity can be purchased with one sovereign as with twelve rupees, and whoever, in either London or Calcutta, gives twelve rupees for a sovereign, gets a full equivalent and makes no loss whatever.

Ideas similar to that of Cernuschi, that India is now losing "twenty per cent. on banking exchange" with London, have led certain persons in that country to propose, as a means of averting that loss, that India should restrict the coinage of rupees until they become so diminished in number, that ten of them would exchange for a sovereign, as they did before 1873-4. Nothing is more practicable than that, because the value of any species of money depends upon its quantity, and upon nothing else, but it is certainly plain that nothing would be gained by it in respect to the Indian exchanges with London. It is, of course, true, that if the value of the rupee was raised by limitation of quantity to that of one-tenth of a sovereign, less rupees would be required than are now required to purchase the fifteen or sixteen million sovereigns which the Government of India must pay annually in England. But the lesser number of rupees required under the proposed new plan would be as valuable and as difficult to obtain, as the larger number which is now required. The Indian taxpayers could be let off with paying fewer rupees, but the cost in commodities and labor of procuring them would be as great as that of procuring the more numerous rupees now demanded. It might as well be maintained that persons in New York buying wheat by the cental of 100 pounds, and selling it in Liverpool by the English cwt. of 112 pounds, were making an exchange loss of twelve per cent., and that this loss could be saved if the cental was increased to 112 pounds.

But in the case of India, while there can be no gain in its exchanges with London from raising the value of the rupee from one-twelfth to one-tenth of a sovereign, and while it is in fact of no consequence, so far as those exchanges are concerned, whether a sovereign is worth five rupees or fifty rupees, it directly concerns the most vital and momentous internal interests of India that the value of its money should not be appreciated twenty per cent., or, in other words, that its prices of labor, commodities, and property of all kinds should not be forced down twenty per cent. with the depression of trade, perversion of the equity of all contracts to pay rupees, and industrial misery, which such a fall in prices necessarily involves. Great as are the payments which India is obliged to make in sterling money, they are as nothing compared with the payments at home in rupees in the domestic

transactions among its own people. To raise Indian money to the level to which a concatenation of circumstances has forced up gold, would deprive that country of the protection which it has enjoyed from the good fortune of possessing a silver money, to which it mainly owes the exceptional prosperity it has enjoyed during the last decade. To do it, would be to plunge that country into an abyss of ruin, which it possesses neither the social, nor political, stability to take the hazard of. The wisest Englishmen believe to-day that such a step, which promises no advantage in any aspect, would put in jeopardy their supremacy in India, and they know well that when that is lost, Great Britain sinks to the rank of a third-rate power and never to rise again.

The London *Economist*, while it repudiates the idea that the greater or less "*depression of silver*" is of any consequence, as affecting the exchanges between India and gold-standard countries, is still of opinion that the "*fluctuation*" in the gold value of silver is a disturbing element in that respect. Without doubt it is so in a theoretical point of view, but that particular species of "*fluctuation*" has never been great, and is likely to be less hereafter. It is an altogether inconsiderable mischief as compared with the ruinous consequences of such a remedy for it, as either the abandonment of silver by India or the forcible appreciation of the value of the rupee by limiting its coinage. Since the suspension in May, 1879, of the German sales of silver, the range of the "*fluctuation*" of the gold value of silver has not been greater than the fluctuation of the exchange between New York and London, above and below the par of exchange fixed by the relative amount of fine gold in the dollar and sovereign. Albert Gallatin observed fifty years ago, and it is equally true to-day, that the fluctuation of the relative value of gold and silver is the least of their fluctuations, and need not be taken into account in practical affairs. Within the limits of time between the commencement and ending of an international commercial transaction, quickened as such transactions are in modern times by steam and the telegraph, the possible changes in the relative value of the precious metals are only the small dust of the balance. International trade is not much obstructed, even by the employment of a violently fluctuating paper money in some of the countries dealing with each other. The sciolists who insist that the money of the world must consist of one and the same metal, until the relative value of the two metals is first fixed by a degree of accord among the Nations, of which no example has yet been recorded in human history, attach a grossly exaggerated importance to the theoretical perfection of money in its international uses, which are really of no importance in comparison with its domestic uses. To these systematic philosophers the ruin



of India in all its home interests seems to be a matter unworthy to be taken into account, if it becomes necessary to be submitted to, in order to make the rates of exchange between Calcutta and London in some infinitesimal degree more steady.

Edmund Burke, nearly a century ago [*Letter to a Noble Lord*, 1796,] described these philosophers in the following words, which have lost none of their truth or force with time:

Nothing can be conceived more hard than the heart of a thorough-bred metaphysician. It is like that of the principle of evil himself, incorporeal, pure, unmixed, dephlegmated, defecated evil. It is no easy operation to eradicate humanity from the human breast. But they have a means of compounding with their nature. Their humanity is not dissolved. They only give it a long prorogation. It is remarkable that they never see any way to their projected good, but by the road of some evil. Their imagination is not fatigued with the contemplation of human suffering. Their humanity is at their horizon—and, like the horizon, it always flies before them. These philosophers consider men in their experiments, no more than they do mice in an air pump, or in a recipient of mephitic gas.

GEO. M. WESTON.

## THE FINANCES OF ITALY.

The following account of the finances, banking, and currency of Italy, is derived from a paper read before the Statistical Society of London, by Prof. Leone Levi.

To a young kingdom as Italy, a sound system of finance was from the first absolutely indispensable, and she may be congratulated on having had in Cavour, Minghetti, Scialoja, and other finance ministers, not only earnest and diligent statesmen, but economists who knew how to provide for the wants of the State in as economical a manner as the circumstances of the nation would admit. No nation, indeed, can afford to neglect its public finances, for they are the pivot on which the economic condition of the country necessarily turns; they closely reflect the state of political relations, and they intimately affect the commerce and industries of the Nation. The income and expenditure of the Italian States, previous to their union into one kingdom, in 1860-61, was as follows:

States.	Income.	Expenditure.	Surplus.	Deficiency.
Piedmont....	£ 13,647,640 ..	£ 19,285,040 ..	— ..	£ 3,637,400
Lombardy....	3,231,760 ..	2,097,760 ..	£ 1,134,000 ..	—
Emilia.....	2,501,680 ..	1,446,480 ..	1,061,200 ..	—
Marches.....	579,120 ..	515,840 ..	63,280 ..	—
Umbria.....	358,360 ..	213,920 ..	144,400 ..	—
Tuscany.....	1,734,800 ..	2,307,640 ..	— ..	572,840
Naples.....	4,377,200 ..	4,019,760 ..	357,440 ..	—
Sicily.....	1,905,800 ..	2,017,320 ..	— ..	111,520
Italy. ...	£ 28,336,360 ..	£ 31,897,760 ..	— ..	£ 3,561,400

The debts of the different States were likewise of a very limited amount, as follows:

<i>States.</i>	<i>Redeemable.</i>	<i>Unredeemable.</i>	<i>Total.</i>
Piedmont.....	£ 355,600 ..	£ 2,197,000 ..	£ 2,553,600
Lombardy.....	80,000 ..	221,000 ..	301,000
Emilia.....	9,400 ..	— ..	9,400
Marches and Umbria..	4,800 ..	47,000 ..	51,800
Tuscany.....	73,800 ..	163,800 ..	234,600
Naples.....	— ..	1,026,000 ..	1,026,000
Sicily.....	14,200 ..	272,000 ..	286,200
Italy.....	£ 538,800 ..	£ 3,923,800 ..	£ 4,462,600

The only State which showed a deficiency in the revenue was Sardinia; but the war against Austria in 1849, the bold step she took in joining the great powers in the Crimean War, in 1856, and the war with Austria in 1859, account for her excessive expenditure. Most of the other States had a surplus; and their debts were likewise far from oppressive. All this, however, was changed on the formation of the Italian Kingdom, for the exigencies of the State increased in proportion as her political aspirations were realized, and the people soon learnt that political privileges and rights must often be purchased and maintained at a great cost. The work of consolidating the finances of the State was by no means a light one. A different state of accountancy had to be introduced, an end had to be put to the many corruptions, bribes, and actual frauds previously practiced with impunity on the public revenue, and a balance sheet had to be produced which should clearly exhibit the financial condition of the kingdom. A labor of such a nature, involving in many cases legal rights of enormous importance, was surrounded with grave difficulties, and was not easily accomplished. When completed for the year 1862, the income and expenditure of the new State was found to be as follows:

<i>Italy.</i>	<i>Income.</i>	<i>Expenditure.</i>	<i>Deficit.</i>
Ordinary.....	£ 18,850,000 ..	£ 27,255,000 ..	£ —
Extraordinary...	4,039,000 ..	9,586,000 ..	—
	£ 22,889,000 ..	£ 36,841,000 ..	£ 13,952,000

For several years the accounts were not made out in a strictly comparable manner; but from 1866, when a uniform system was adopted, the results were as follows:

<i>Years.*</i>	<i>Income.</i>	<i>Expenditure.</i>	<i>Surplus.</i>	<i>Deficiency.</i>
1866...	£ 24,685,000 ..	£ 43,543,000 ..	— ..	£ 18,858,000
1867...	28,578,000 ..	37,144,000 ..	— ..	8,566,000
1868...	30,742,000 ..	40,574,000 ..	— ..	9,822,000
1869...	34,828,000 ..	40,783,000 ..	— ..	5,955,000
1870...	34,633,000 ..	43,230,000 ..	— ..	8,597,000
1871...	38,677,000 ..	41,638,000 ..	— ..	2,961,000
1872...	40,562,000 ..	43,905,000 ..	— ..	3,343,000
1873...	41,800,000 ..	45,450,000 ..	— ..	3,550,000
1874...	43,085,000 ..	43,620,000 ..	— ..	535,000
1875...	43,853,000 ..	43,298,000 ..	£ 555,000 ..	—
1876...	44,933,000 ..	43,315,000 ..	1,618,000 ..	—
1877...	47,234,000 ..	46,317,000 ..	917,000 ..	—
1878...	47,665,000 ..	47,083,000 ..	582,000 ..	—
1879...	49,125,000 ..	47,433,000 ..	1,692,000 ..	—

It is evident from this table that the finances of Italy were severely strained for many years after the formation of the kingdom;

\* This table is taken from the Appendix to the "Project of Law" presented to the Chamber of Deputies with reference to the abolition of the forced paper currency.

and since the resources of the country did not admit of an excessive increase of taxation, a yearly deficit of millions of pounds was the natural consequence, resulting in a great increase of National indebtedness. The progress of the public debt has been as follows:

<i>Years.</i>	<i>Irredeemable.</i>	<i>Redeemable.</i>	<i>Treasury bonds.</i>	<i>Forced currency.</i>	<i>Total.</i>	<i>Outstanding debt, or total, less securities in the Treasury.</i>
	£	£	£	£	£	£
1860...	84,920,000	11,840,000	800,000	—	97,560,000	97,490,000
1861...	110,430,000	13,700,000	1,560,000	—	125,240,000	125,150,000
1862...	111,520,000	12,840,000	9,080,070	—	133,440,000	131,340,000
1863...	140,640,000	12,640,000	4,600,000	—	157,880,000	157,400,000
1864...	163,280,000	21,280,000	7,360,000	—	191,920,000	191,680,000
1865...	193,080,000	20,800,000	7,440,000	—	221,320,000	219,360,000
1866...	214,640,000	45,680,000	6,840,000	10,000,000	277,160,000	275,280,000
1867...	221,880,000	53,720,000	9,400,000	15,600,000	300,600,000	286,130,000
1868...	220,040,000	62,000,000	10,480,000	14,600,000	307,120,000	299,320,000
1869...	228,160,000	76,200,000	10,800,000	15,120,000	323,280,000	300,940,000
1870...	241,800,000	78,160,000	10,640,000	22,000,000	352,600,000	331,460,000
1871...	246,020,000	74,760,000	9,160,000	27,160,000	357,000,000	332,880,000
1872...	277,560,000	70,340,000	5,300,000	31,600,000	384,800,000	338,800,000
1873...	283,680,000	66,720,000	7,320,000	33,600,000	390,320,000	339,050,000
1874...	289,360,000	59,120,000	7,800,000	35,200,000	391,480,000	340,167,000
1875...	297,840,000	55,280,000	6,640,000	37,600,000	396,560,000	337,890,000
1876...	309,080,000	77,360,000	6,720,000	37,600,000	430,760,000	367,860,000
1877...	313,320,000	92,360,000	8,480,000	37,600,000	451,760,000	389,470,000
1878...	315,720,000	87,720,000	10,450,000	37,600,000	451,560,000	390,014,000
1879...	322,720,000	83,040,000	8,303,000	37,600,000	451,663,000	391,080,000

It should be remembered, moreover, that over and above this enormous increase of debt, the exigencies of the State have absorbed a large amount obtained from the appropriation and sale of real property, formerly held by ecclesiastical corporations. The law of 7th July, 1866, decreed the conversion of the annual value of the property of religious corporations into State obligations, and the law of 15th August, 1867, provided that such amount shall be so registered in the great book of the public debt. From those dates to 31st December, 1877, 2179 religious corporations, and 34,852 other ecclesiastical bodies were suppressed; whilst 16,129 other religious bodies were allowed to remain, though their income from land became likewise converted into interest on the funded debt. Hence 53,152 religious bodies received from the State public securities in exchange for their real property, amounting to £1,238,000 per annum, representing a capital of £36,000,000. From the operation of this law were exempted the palaces and country residences of bishops, any building recognized as necessary for parochial purposes, and any property destined to works of beneficence and instruction. These being set aside, the rest was sold, and the proceeds paid to the State, the net value realized being £17,504,000.

The debt resulting from the issue of inconvertible State notes is included in the amount already given. At the first the Government entertained the hope that they might be able to withdraw such notes by means of the proceeds of the ecclesiastical property, but such hopes were never realized. With the continuance of such notes in circulation, it became necessary to suspend also the obligation of the banks to keep a gold reserve for their circulation, and thus from 1866 the circulation of the National banks of issue, viz., the National Italian Bank, the Neapolitan, the Tuscan, the Roman, the Sicilian,

and the Tuscan Bank of Credit, became altogether inconvertible.\* The total paper currency in Italy from 1866 to 1879, and the premium on gold, were as follows:

<i>Years.</i>	<i>Notes of the six banks.</i>	<i>State notes.</i>	<i>Total.</i>	<i>Premiums on gold.</i>
1866..	£ 14,498,000 ..	£ 10,000,000 ..	£ 24,498,000 ..	5.47
1867..	23,481,000 ..	10,000,000 ..	38,481,000 ..	13.40
1868..	25,028,000 ..	11,120,000 ..	36,148,000 ..	5.62
1869..	21,962,000 ..	11,120,000 ..	36,081,000 ..	3.40
1870..	22,014,000 ..	17,500,000 ..	39,814,000 ..	5.30
1871..	25,383,000 ..	25,160,000 ..	50,543,000 ..	7.30
1872..	27,621,000 ..	29,600,000 ..	57,221,000 ..	11.15
1873..	29,327,000 ..	31,600,000 ..	60,927,000 ..	15.80
1874..	28,085,000 ..	35,200,000 ..	63,285,000 ..	10.80
1875..	26,697,000 ..	37,500,000 ..	64,297,000 ..	8.15
1876..	28,074,000 ..	37,600,000 ..	65,675,000 ..	8.80
1877..	27,590,000 ..	37,600,000 ..	65,190,000 ..	9.05
1878..	26,891,000 ..	37,600,000 ..	64,491,000 ..	14.90
1879..	28,297,000 ..	37,600,000 ..	65,597,000 ..	12.70

As soon, however, as the improved condition of Italian finances permitted it, the Italian Government took steps for the immediate withdrawal of the forced currency. In introducing the measure for this purpose in 1880, Senator Magliani, Minister of Finance, said: "Gentlemen, no great reform is ever made without opposition, and often without danger. Even economic reforms cannot be accomplished without obstacles. We have foreseen every difficulty that can possibly be anticipated, and in part they have been met and removed. Any other difficulty which may yet arise we hope we shall be able to overcome. But we must proceed in the execution of this law with great prudence and caution. We feel the responsibility which we assume, and we shall endeavor to fulfill our duties in the best manner we can. We shall neither be too timid nor too bold, but we shall have the courage of our convictions, founded as they are on the study of all matters affecting National economy and finance. We shall derive courage from the interest we have in the public welfare, and we shall be ready to fight the battle for the abolition of the forced currency, certain that it will be a battle for economy. The merit, however, of its success will not be due to us, but to the country, which is studying, working, and advancing; for certainly without National progress any effort for economy must prove a failure. That such progress will not be wanting it is my firm conviction." The Government measure for the abolition of the forced currency having passed both Houses of Parliament, a loan was effected for the purpose, and cash payment was forthwith decreed, and is in course of being restored. A measure like this interested foreign countries as well as Italy, for the Italian funds are held extensively abroad. In 1879, of £ 2,464,000 of interest of debt paid abroad, eighty per cent. was in Paris, 13.5 per cent. was in London, 2.3 per cent. in Berlin, and the rest in Vienna, Hamburg, Amsterdam, Frankfort, and St. Petersburg. The guarantees which Italy offers for the due payment of the interest of her public debt are her National bond, which she deems sacred; her National resources, capable of being largely developed, and a political and financial administration, systematic, faithful, and economic.

Time was when Italian banking was in high reputation in Europe, when the Lombard merchants entered into large financial operations with European States, when the banks of Venice and Genoa afforded

\* The reserves held by the banks against their circulation from 1867 to 1879, have been maintained at an average rate of forty-five per cent.

to commerce the greatest facilities. At present Italian banking must be content with supplying the wants of Italy, and her bankers have yet much to learn as regards those methods which have contributed so much to the economy of the currency in England and other countries. There are in Italy six banks of issue, with an aggregate capital of £12,260,000; 133 popular banks, with an united capital of £1,700,000; and 101 institutes of credit, with an aggregate capital of £10,772,000. Besides these there are twelve land-credit banks, with a capital of £456,000, and eight credit-fonciér companies, with a capital of £4,745,000. Before the abolition of cash payments, there were in circulation in Italy about seventeen millions of gold, and nearly as much in silver, while the smallest bank note was for twenty lires or sixteen shillings, of which £100,000 were in circulation. But soon after the passing of the law of 1st May, 1866, gold being at a high premium, the precious metals vanished from the markets, and paper, much depreciated in value, took its place. For nearly fifteen years the exchanges on Italy were greatly depressed, and trade and finance alike suffered. But all this is now changed, and the monetary institutions are being placed on a solid basis.

---

### AN ANCIENT ROMAN CENSUS.

The archæologist Mariano Armellini has found in the Vatican archives a precious and interesting document, a codice of sixty-eight leaves written in the common dialect, bound in parchment, some of the leaves torn and lost. It is a census (*censimento*), made during the pontificate of Leo X, in the early part of the sixteenth century. This document is a minute description of the city at that period; the historical rione are given and church parishes, many of which have since disappeared. All the houses and shops are numbered; their respective owners and tenants named; professions, trades and conditions given. The occupations of a people are sure indications of the state of the times, the government, the mode of life, the habits, customs, and character. For example, we see that the census was taken in a period when the Pontifical Government was flourishing and ruling, not only the Roman States, but indirectly all Christendom, by the great number of Vatican officials named in its lists: Consistorial advocates; procurators of the penitentiary; auditors and notaries of the chamber of the rota; abbreviatori of the parco maggiore and minore; scribes of the archives and penitentiary; apostolical writers; masters of the piombo or pontifical leaden seal, which is affixed to bulls, etc. The stologo (astrologer) of the Pope is also set down, which tells us how the science of astrology was honored in the golden age of Leo X, the sixteenth century. Among the most noble professions are doctors of medicine, physicians, druggists, and surgeons. The science of medicine was highly honored in *medieval* and *rinascimento* times. Marini's valuable and rare work *Archiatři Pontifici* gives a continued succession for eight centuries from Nicholas I (858-67) to Pius VI (Braschi 1775-1800), of distinguished men men who were pontifical physicians or doctors. They were of the noblest families, always celebrated for erudition. Some were created cardinals, some bishops; many held important diplomatic offices, were nuncios; many were canons of the great

basilice. Emperors honored their medical men with the highest titles; they often made them counts of the first and second order, dukes and viceroys.

But to return to the census of the sixteenth century. There are *miniatori* in the list of inhabitants. Those who painted the parchments that were so much in vogue; also engravers of corrialine were numerous. There are likewise many couriers,—couriers of the Pope; the residence of the master of the couriers of the King of Saxony is noted; this shows us the modes of correspondence and intercourse at a period when there were no railways, no postal system. The persons who kept shops for the sale of rosaries, chaplets and religious ornaments are called *paternostrari* in this Leonine census. *Aquaroli*, water carriers, are among the occupations. For many centuries water was brought into the City of Rome by mules in barrels and sold through the streets to the people. The father of Cola di Rienzi, it will be remembered, was an *aquarolo*. The Tiber water, considered now so impure and unfit for drinking, was in great favor. It was even prescribed by Pontifical archiatri. The Popes had barrels of the river water carried with their luggage when they made long journeys. Ariosto (1474, 1533) wrote to his brother to have the Tiber water ready for him when he arrived in Rome, for it was the custom then to draw the river water and let it rest some days to deposit sediment.

“Fa ch’io trovi dell’ aqua, e non di fonte  
Di fiume sì, che già sei dè veduto  
Non abbia Sisto, ne alcun altre ponte.”

—[Ariosto, Sat., III.

Another occupation named in this census shows how the country about Rome has changed in these three hundred years, *lupari*, wolf hunters, the men who killed the wolves that infested the woods of the Roman campagna at that time. The campagna, now so bare of trees, had then an abundance of forests. Wolves were so numerous, not only around, but in Rome, as late as 1580, that a high premium was given to those who killed these animals within the city! Some writers mention the killing of five great wolves on a January night that were prowling around the Vatican. The sixteenth century mode of warfare is told in the enumeration of bombardiers, *balestrieri*, bowmen and bowmakers, cuirassiers, swordsmen, etc. Then there are several *maestri di bagatelle*, jugglers, gold beaters, lantern makers, which tells how the city was lighted; flag and standard makers, cimatori, shearmen or cloth cutters, leather belt-makers, lace and tag makers, bobbin makers, makers of leather breeches, ribbon weavers; these are as good as a picture of the costume of that day. *Acconciatori di fantesce* are among the occupations—men who dressed the heads of serving women! All these trades and pursuits describe a society totally unlike our own.

Among other great names in this Leonine census is that of Agostino Chigi. He had his bank and a house he rented for the keeping of his horses in the parish of St. Orsola, now parish of St. John of the Florentines. Chigi was the great banker of the Medici day, and succeeded Spanocchi, who was the leading Roman banker for the Borgias. Chigi's story is well known: how he built the Farnesena villa, as it is now called, had Raphael to paint the enchanting Psyche and Cupid fable, also the beautiful Galatea on the loggia walls; Sodomo to paint the remarkable marriage picture

of Alexander and Roxana and other frescos on the walls of an upper hall; how he entertained Leo X and the college of cardinals sumptuously at this Tiber villa, and threw the gold and silver dishes of each course into the river. It was true commercial magnificence of the *rinascimento*,—great receipts and great expenditures. Sixty years after Chigi's death all his vast fortune was gone, his family reduced to poverty, and the luxurious villa on the Tiber bank put up at public sale. Cardinal Farnese bought it, with its priceless Raphael and Sodomo frescoes, its ancient statues and other works of art. From his eminence this pearl of villas took the name it now bears, Farnesena, and went into the Farnese family. The ex-King of Naples inherited it as a descendant of his ancestress, Elisabetta di Parma, the second wife of Philip VII of Spain, and sold it for a period of ninety-nine years to its present occupants, Prince Bermudez di Castro, Duke di Ripalda. A hundred years after the downfall of the rich extravagant banker's family, a descendant of Agostino Chigi's brother Gismondo, Cardinal Fabio Chigi, again brought the family to the fore. This prelate was elected Pope (1665), and as nepotism was in full force, he married his nephew Agostino to the Princess Virginia Borghese, of Paul V's family, and established the present Roman princely family of Chigi, the head of which is prince of the empire, Duke of l'Ariccia, hereditary head marshal of the church, and guardian of the conclave, which last office he fulfilled when Leo XIII was elected.

## BANK TAXATION.

### SUPREME COURT OF THE UNITED STATES.

#### *Hills v. National Albany Exchange Bank.*

In an action by a National bank against State tax officers, in behalf of its shareholders, to enjoin the collection of a State tax on the shares of the bank alleged to be unlawful on the ground that the indebtedness was not deducted. *Held* (1), That such a suit was maintainable. (2), That an injunction would lie in behalf of a shareholder who was entitled to a deduction and who had made the affidavit and demand therefor required by the State law, and (3), it being clearly shown that an affidavit and demand would have been unavailing, that shareholders might be permitted to show in the action the deductions to which they were entitled, and the collection of the amount of such deductions would be enjoined.

Appeal from the Circuit Court of the United States for the Northern District of New York.

MILLER, J.:

This is an appeal from a decree in chancery of the Circuit Court of the Northern District of New York, and it presents very much the same questions that have just been decided in the case of *Supervisors of Albany County v. Edward Stanley*. That was a common-law action to recover for taxes unlawfully exacted for years prior to 1879 on shares of the National Albany Exchange Bank, and the present suit was brought to enjoin the appellants from collecting a similar tax assessed and yet unpaid for that year. In this case the bank sued in right of and as representing all the stockholders, and the Circuit Court made a decree perpetually enjoining

the collection of all taxes on shares of said bank. Several questions are raised, or rather suggested, which we think have heretofore been decided by this court, such as the right of the bank to maintain a suit on behalf of its shareholders. This was established by the cases of *Cumming v. National Bank*, 101 U. S. 153; *Pelton v. National Bank*, id. 143. There is also an attempt to show that there was a settled rule or purpose on the part of the assessors to value the shares of the appellee bank higher in proportion to their real value than in the case of other banks, bankers and moneyed corporations. We think the proof fails to establish this in a manner to justify the interference of a court of equity. *National Bank v. Kimball*, 103 U. S. 732.

The bill, however, in its main features asserts the right to an injunction, on the ground that the act of 1866, under which the bank shares were assessed, is absolutely void because it makes no provision for deduction from the assessed value of these shares of the debts honestly owing by the shareholders. And the court, proceeding upon the idea that both the statute and the assessment made under it are absolutely void, decreed relief accordingly. Under the ruling just made on that subject, this decree must of course be reversed, because as to the larger number of shareholders whose taxes are enjoined, there is no evidence that they owed any debts whatever at the time the assessment was made.

The allegations of the bill on this subject are: First. That one shareholder, owning five hundred and thirty-two shares of the stock, made affidavit that the value of personal estate owned by him, including said bank shares, after deducting his just debts, and other investments not taxable, did not exceed one dollar, and presented said affidavit to the board of assessors, with a demand that they should reduce the assessment of his shares accordingly, which was refused. The evidence shows this to have been Mr. Chauncey P. Williams.

2. The further allegation of the bill on that subject is that other shareholders were indebted to an amount equal to or in excess of the personal property owned by them, including their bank shares, but omitted to make affidavit and demand the proper reduction, because they knew such demand would be refused by the board, both from information of their refusal in other cases, and from knowledge of the decisions of the Court of Appeals of New York that they had no authority to make such deduction. This allegation is also supported by the evidence of four or five shareholders who are represented in this action.

While the decree of the court enjoining the collecting officers as to all the tax assessed on the shares of this bank must be reversed, the question arises, what shall be done in the cases in which it appears that there are shareholders taxed who owed just debts entitled to deduction?

With regard to the case of Mr. Williams, we have no doubt that there should be an injunction to the amount of his tax. He made the requisite affidavit and the proper demand for deduction, and his affidavit shows that no assessment should be made on his shares. He has not yet paid the money, and is entitled to relief by injunction.

A more difficult question is presented in regard to those who made no affidavit or demand for deduction, but who have shown that they would have been entitled to deduction if the demand had been properly made. The question is, whether the fact clearly established



that their demand would have been unavailing dispensed with the necessity of making the affidavit and demand. It is a general rule that when the tender of performance of an act is necessary to the establishment of any right against another party, this tender or offer to perform is waived or becomes unnecessary when it is reasonably certain that the offer will be refused—that payment or performance will not be accepted. Such is the doctrine established by this court in repeated decisions in regard to another branch of the law concerning the collection of taxes. *Bennett v. Hunter*, 9 Wall, 326; *Tracey v. Irwin*, 18 id. 549; *Atwood v. Weems*, 99 U. S. 183.

Without elaborating the matter, we are of opinion, that considering the decision of the Court of Appeals of New York, the action of the assessors in the case of Mr. Williams, and their own testimony in this case, it is entirely clear that all affidavits and demands for deduction which could or might have been made, would have been disregarded and unavailing, and that the assessors had a fixed purpose, generally known to all persons interested, that no deduction for debts would be made in the valuation of bank shares for taxation. It is, therefore, not now essential to show such an offer when it is established that there were debts to be deducted, and when the matter is still *in fieri*, the tax being unpaid. And we are of opinion that it is open to the court below, when this case returns, to admit such amendment of the pleadings as will enable plaintiff to make proper allegations on that subject, or by reference to a master, to allow each shareholder to establish the amount of deduction to which he was entitled at the time of the assessment, and to enjoin the collection of a corresponding part of the tax. But as the assessment is not void, but only voidable, it must stand good for all of the assessment in each case which is not shown to be in excess of the just debts of the shareholder that should be deducted.

The decree of the Circuit Court is reversed, and the case remanded for further proceedings in accordance with this opinion.

---

#### *Evansville National Bank v. Britton.*

The Indiana statute relating to taxation provides that a tax payer may, in estimating his taxable property, deduct his indebtedness from his "credits or money at interest;" "all other demands against persons or body corporate;" "total amount of all credits."

*Held*, That the shares in a National bank, subjected to State taxation, were entitled to a deduction of indebtedness, and an injunction would lie to restrain the collection of a tax upon such shares where such deduction was not allowed.

Appeals from the Circuit Court of the United States for the District of Indiana.

MILLER, J.:

These are cross-appeals from a decree of the Circuit Court for the District of Indiana, rendered in a suit in chancery, in which the Evansville National Bank was complainant, and Britton, as Treasurer of Vanderburgh County, was defendant.

The case is, in all essential points, analogous to that of *Hills v. National Albany Exchange Bank*, just decided.

And the principle question of law is the same as that discussed and decided in the case of *Supervisors of Albany v. Stanley*. In

fact the three cases were advanced out of their order, and heard consecutively, because they involved important questions concerning taxation by State statutes of the shares of National banks, and the argument, able and exhaustive throughout, has been almost wholly directed, on the part of the banks, to establish the proposition, that where the law of the State either makes or permits a discrimination operating only against a particular class of holders of National-bank shares, in the manner of assessing those shares as regards other moneyed capital in the State, all the laws for such assessments are void, and all such assessments are absolutely void, and no tax on National-bank shares can be collected in the State,

The brief of counsel in this case in various forms repeats the idea that the bill was brought, not so much to assert the rights of stockholders who may have been injured by the enforcement of the statute, as to obtain a judicial declaration of this court that the act is void, and the attempt to tax the shares of the bank equally so.

We have rejected this proposition in the case of *The Supervisors* against *Stanley*, and have there given our reasons for it, and shall not repeat them here.

The objection made to the Indiana statute is the same as that made against the New York statute, namely, that it permitted the tax payer to deduct from the sum of his credits money at interest, or other demands, the amount of his *bona fide* indebtedness, leaving the remainder as the sum to be taxed, while it denies the same right of deduction from the cash value of bank shares.

A distinction is attempted to be drawn between the Indiana statute and the New York statute, because the former permitted the deduction of the tax payer's indebtedness to be made from the valuation of his personal property, while in Indiana he can only deduct it from his credits. And, undoubtedly, there is such a difference in the laws of the two States. But if one of them is more directly in conflict with the act of Congress than the other, it is the Indiana statute. The subject for taxation from which the tax payer may deduct his *bona fide* indebtedness is, in the schedule of the act, placed under two heads, as follows:

"1. Credits or money at interest, either within or without the State, at par value.

"2. All other demands against persons or bodies corporate, either within or without the State.

"Total amount of all credits."

The act of Congress does not make the tax on personal property the measure of the tax on bank shares in the State, but the tax on moneyed capital in the hands of the individual citizens. Credits, money loaned at interest, and demands against persons or corporations, are more purely representative of moneyed capital than personal property, so far as they can be said to differ. Undoubtedly there may be much personal property exempt from taxation without giving bank shares a right to similar exemption, because personal property is not necessarily moneyed capital. But the rights, credits, demands and money at interest mentioned in the Indiana statute, from which *bona fide* debts may be deducted, all mean moneyed capital invested in that way.

It is unnecessary to repeat the argument in the case of *Williams v. Weaver*, 100 U. S. 539, on this point. We are of opinion that the taxation of bank shares by the Indiana statute, without permitting the shareholder to deduct from their assessed value the amount of his *bona fide* indebtedness, as in the case of other investments

of moneyed capital, is a discrimination forbidden by the act of Congress.

There is in the bill of complaint in this case the usual allegation, apart from the special matters we have just considered, that the assessing officers habitually and intentionally assess the shares of the National banks higher in proportion to their actual value than other property generally, and especially shares in other corporations. It is denied in the answer, and is unsupported by proof.

It is also alleged that the bank is taxed a considerable sum for its real estate, and that in assessing the value of the shares no deduction is made on that account. The positive testimony of the assessor shows that such deduction was made.

It is alleged that the capital of the bank is almost entirely invested in the bonds and treasury notes of the United States, and the shares only represent this untaxable investment. The case of *Van Allen v. Assessors*, 3 Wall. 573, settles the principle that the shares of the National banks are taxable without regard to the value of the property held by the bank as a corporation having exclusive relation to their value. The very point here made was expressly overruled in that case.

Acting upon these principles, the Circuit Court decreed a perpetual injunction as to those shareholders who had proved in the case that at the time of the assessment they owed debts which should rightfully have been deducted. These were four in number, and the appeal of the collector Britton is from this injunction. The decree in that respect was right and must be affirmed.

The bank appeals from that part of the decree which dismissed the bill as to all the other shares. This was because no evidence was given that any other shareholders except the four above referred to owed any debts which could have been deducted from the value of the shares. In the case of *Hills v. National Albany Exchange Bank*, we authorized the court on return of the case to permit the bank to show what shareholders had such indebtedness in some appropriate form. It is not necessary to consider whether this case ought to be reversed at the instance of the bank to enable that to be done now, for it is stated by the counsel of the bank in their printed brief that the offer was made to them to have a reference to a master to take testimony on this point before final decree, and they declined to accept the privilege. That branch of the decree is therefore affirmed on the appeal of the bank.

WAITE, C. J., dissenting. I cannot agree to so much of the judgment in this case as affirms that part of the decree below appealed from by Britton, the treasurer. "Credits" are but one of a number of kinds of moneyed capital. They represent, in the classification of taxable property, the ordinary debts due to a person, and it has been common for so long a time in the States to measure their taxable value by their excess over like debts owing to the same person in the same right, that I cannot believe it was the intention of Congress in its limitation on the power of taxing National-bank shares to require a deduction of debts from the value of shares when such a deduction was only allowed to other persons from this one kind of moneyed capital. The law of Indiana expressly prohibits deductions from the value of any other property than credits. Ample provision is made for the taxation of all other moneyed capital at its value without deduction, the same as National-bank shares. In *Hepburn v. School Directors*, 23 Wall.

485, this court said: "It could not have been the intention of Congress to exempt bank shares from taxation because some moneyed capital was exempt." In that case a tax on bank shares was sustained when, by law, mortgages, judgments, recognizances, and moneys owing on articles of agreement for the sale of lands were not taxable. I am unable to distinguish this case in principle from that. The exemption here is partial only as it was there.

I am authorized to say that Mr. Justice Gray concurs in this dissent.

---

## CURRENT EVENTS AND COMMENTS.

### *PRODUCTION OF IRON AND STEEL.*

The report of the Secretary of the American Iron and Steel Association for the year 1881 has just been completed. The following information is a summary of its contents:—Production of pig iron in 1881, net tons, 4,641,564, including 21,086 tons of spiegeleisen; production of all rolled iron, including nails and excluding rails, 2,155,346 tons; Bessemer steel rails, net tons, 1,330,302; open-hearth steel rails, net tons, 25,217; iron and other rails, net tons, 488,581; production of iron and steel street rails included in above, 21,554; crucible steel ingots, net tons, 89,762; open-hearth steel ingots, net tons, 146,946; Bessemer steel ingots, net tons, 1,539,157; blister and patent steel, net tons, 3,047; production of all kinds of steel, net tons, 1,778,912; production of blooms from ore and pig-iron, net tons, 84,606; imports of iron and steel, \$61,555,078; imports of iron ore, gross tons, \$782,887; exports of iron steel, \$15,782,282; production of Lake Superior iron ore, gross tons, 2,336,335; production of iron ore in Jersey, gross tons, 737,052; total production of iron ore in census year 1880, net tons, 7,974,705; production of anthracite coal in census year 1880, net tons, 28,646,995; production of bituminous coal in census year 1880, net tons, 42,430,581; production of anthracite coal in 1881, gross tons, 28,500,016; miles of railway completed in 1881, 9650; miles of railway track in the United States December 31, 1881, including double track, siding, &c., estimated, 130,000; iron ships built in the United States in the fiscal year ending June 30, 1881, forty-two.

### *NEW BANK CHECK.*

An ingenious Washington inventor has just obtained an important patent on a new style of bank check which he calls the "security" check, and which is designed not only to prevent forgery and check raising, but also to defeat any attempt to collect money on it by fraudulent device. The improvement over the old form of check is secured by making the check in two separable parts, both of which bear the signature of the drawer of the paper. One of these parts is known as a "bank notice," and contains the name of the banking institution upon which the check is drawn, together with the amount of money called for. The other bears the names of the persons to whom the check is payable and the amount, but without the name of the bank. This is called the "pay order." By means of this simple and ingenious method all fraud is prevented. The "pay order" is given to the person entitled to the money, and he is also furnished with a written or verbal memorandum of the bank to which to apply

for payment. The "bank notice," or remainder of the check, is at the same time transmitted to the bank, being a voucher of the correctness of the "pay order." The whole check is, furthermore, stamped, so that when its parts are separated they divide and cancel the revenue stamp. Neither of the parts of the check are of any value in themselves, and could not be used to raise money were they to come into the possession of parties other than those entitled to them. The "bank notice" is claimed to be complete security in itself against any forgery or raising of the companion "pay order," as such tampering would be instantly detected at the bank. The new invention can be applied to bills of exchange, drafts, or any other document for the conveyance of money, as well as ordinary bank checks, and it can especially be used to advantage in sending money by mail. In the case of money payable on order the indorsement is placed on both parts of the check for the information and guidance of the bank cashier, which method, it is claimed, will save in most cases, the delay and annoyance of identifying the payee.

#### EXPORT OF BEER.

The manufacture and export of beer and ale has been making a very rapid increase in the past eleven years, and is said to give employment to about 30,000 persons direct and to yield to the Government in duties about \$14,000,000 per annum. From 1870 to 1881 the domestic exports have been 6,877,296 bottles, valued at \$966,740, and 1,281,955 gallons in casks, valued at \$407,128. The following table of comparisons will show the increase in exports since 1870:

	In bottles.			In casks.	
	Dozens.	Value.		Gallons.	Value.
1870.....	1,076	\$2,250	....	66,467	\$23,759
1875.....	3,633	7,600	....	61,661	16,604
1877.....	37,876	51,077	....	144,244	40,138
1881.....	164,276	292,421	....	201,376	55,037

The following table will show the foreign shipments of invoices of over \$10,000:

	1880.	1881.		1880.	1881.
	Dozens.	Dozens.		Value.	Value.
Mexico.....	45,386	57,511	....	\$85,246	\$106,877
Brazil.....	16,462	10,517	....	27,292	17,250
United States of Colombia..	15,335	17,452	....	29,418	33,244
Cuba.....	7,082	4,581	....	13,224	8,595
Central American States....	7,841	11,711	....	15,353	27,311
Hawaiian Islands.....	8,703	21,817	....	17,396	38,793
Hayti.....	5,494	8,255	....	7,640	12,028

#### DIACHROMATIZED WOOD.

Within the last few years wood tiles and parquetry have gained much in public favor, and are severely handicapping ordinary tile pavements; but we imagine that the diachromatizing process of Mr. Henry Chalk Webb, as applied to flooring, will make itself very favorably known. This invention consists of impressing a pattern of any required design in any number of colors through wood blocks of from one inch to one one-fourth inches in thickness, and of giving to the pattern all the distinctiveness of outline met with in inlaid woods. The distinguishing advantage of the invention, however, lies in the fact that the pattern or stain penetrates the entire thickness of the slab, the blocks being cut on the end grain, and the perfection of outline and pattern is not

affected, even although the slabs are planed down a considerable distance from the surface. The entire staining process is performed at one operation, and in the space of about ninety or one hundred seconds; and one man, we are told, working four machines, is able to complete from forty to forty-five yards of material in a day. Yellow pine is preferred for the flooring slabs, as it is in itself of light color, and takes the stain well. The surfaces of the slabs are treated to a hand-setting of varnish, which gives them additional compactness and smoothness. The same process of staining is applied to leather, paper, cardboard, and other materials.

#### AMALGAMATED ASSOCIATION OF IRON AND STEEL WORKERS.

The Amalgamated Association of Iron and Steel Workers, which is responsible for the existing strike in the principal iron manufacturing centers of the country, is not an ancient institution. Within a decade it has taken its rise and grown to its present proportions, now numbering about 80,000 members. Its birthplace is said to have been at Columbus, Ohio, where a number of guilds existed among the workers in iron and steel, and where a local union was originally formed.

Eight years ago, in that place, the Iron and Steel Roll hands heartily indorsed the subject of general amalgamation; but the proposition submitted to the United Sons of Vulcan was shortly afterwards rejected. This latter organization had been organized in 1858, with the Hon. Miles Humphrey, now Chief of the Pennsylvania Bureau of Statistics, as President, and was then the chief guild of the iron and steel workers in the country. During the year 1875 the different workers in iron and steel united, and in 1878 the Amalgamated Association was perfected. A great deal of power is vested in the President.

Thus, from a comparatively insignificant beginning, within a few years the Amalgamated Association has risen to the leading rank among the labor associations, and includes nearly all the iron workers in the country. Colored men are granted full privileges as members, and Canadian iron-workers are now on probation. The Association boasts of its ability to hold out a period of six months or longer, in a strike, if necessary.

—*Boston Commercial Bulletin.*

#### TURKISH INDEMNITY.

The Turkish indemnity question has at length been settled. Russia is to receive \$1,750,000 per year, and no interest is to be charged on what remains unpaid. At that rate it will take Turkey one hundred and fifteen years to pay up the debt. But even this small sum is too large for the bankrupt Turks. It seems that the fast-decaying empire of the Ottomans is but little more than a figure-head among the nations of Europe. France, England, Italy, and Germany move the politics of her provinces to suit themselves; and while the Sultan sends out manifestoes and decrees, the foreigners continue to control the revenues.

#### VALUE OF IMMIGRANTS.

The Germans who come here bring money ranging from \$60 to \$2500. They have a settled purpose of settling and building new homes in this country, and they do not remain idle long. The bulk of them go West without delay. Not so the Italians. Of 1161 who arrived on one day lately, 1109 remained in the city,

and the total capital of the ship-load was \$105. It is this class of immigrants, the Lazzaroni of Italy, which the *Sun* recently wrote about thus:

The poorest of the poor come hither, and the richest of the rich go hence to Europe. One steamer full of American tourists takes more gold abroad than a hundred steamers full of immigrants bring to us. Europe has decidedly the best of the bargain in this case. She gets all the money of our rich absentees, and saves room and food as well as jail and poorhouse expenses on those she sends to us. There is a limit to everything—including the beneficial influence of increasing the population of a new country by immigration—and a day must come when the people of this continent will begin to understand that the importation of cheap Chinese labor might have proved in the long run to be more profitable than an unlimited importation of expensive European ruffianism and ignorance.

On the other hand, the Germans and Scandinavians go to farming or working at their trades. The Hollanders generally go into service as dairymen and farm hands and domestics. The Swiss usually find ready employment in silk, lace and weaving mills. The Irish usually go into service in New York, the girls being in demand as domestics. The English, Welsh and Scotch coming now are of a good class. The French immigrants find employment in restaurants and hotels. Notwithstanding the heavy immigration, the labor bureau cannot satisfy the demand made upon it for skilled or common labor. Farm labor is in great demand all over the country, and cigarmakers, carpenters, cabinet makers, blacksmiths, locksmiths, mill hands and miners are soon snapped up by employers. Western agriculturists give from \$20 to \$25 per month, and New York can give all the good girls who come from \$10 to \$14 a month.

#### NEW OIL WELLS.

The new wells in Pennsylvania are in Warren County, on the northern border of the State. Two of them are said to be yielding over 1000 barrels daily each, and now another is reported to be discharging 2400 barrels per day. In April the average daily product was 80,093 barrels, so that an addition of only five or six per cent. would not cause much disturbance if the yield had not previously been far in excess of present consumption. At the beginning of the year 1879—about three years ago—the stock of oil on hand in the producing regions was 4,615,299 barrels; in January, 1880, it was 8,800,000 barrels; in January, 1881, it was 20,100,000 barrels; at the beginning of this year it was 26,000,000 barrels; and at the end of April it was 28,547,481 barrels. This vast accumulation has occurred in spite of a wonderful increase in consumption, especially in foreign lands. Exports during the first five months of 1878 were 91,000,000 gallons; in 1879, 114,000,000 gallons; in 1880, 124,000,000 gallons; in 1881, 134,200,000, and in 1882, 183,600,000 gallons. The average price of crude oil in bulk was \$7.62 a barrel in 1864, and in December it sold at \$11.50; in 1870 the average was \$3.74, and in 1877 it was \$2.83. But it dropped to \$1.37 in 1878, and to eighty-five and five-eighths cents in 1879, and was about the same in 1881. The consumption last year was 6,388,281 barrels in this country, and 13,800,194 barrels in all other countries, and 7,169,735 barrels were added to the stock on hand and unsold. On Thursday sales were made at fifty-five and three-quarter cents, but the price afterwards advanced to fifty-nine cents.

## ORANGE CULTURE IN CALIFORNIA.

Orange culture in California, so far as I am capable of forming an estimate, would appear to be a highly profitable enterprise, rewarding those engaged therein far more abundantly than do either the production of grain or the cultivation of the vine or walnut. Although seedling oranges cannot be expected to bear fruit until the eighth year, nevertheless the second crop is alleged to yield a fair return; while that of the following year would be worth, perhaps, ten dollars per tree. This would realize an average of from one thousand to two thousand dollars an acre. The proprietors of extensive orange groves in the valleys of Los Angeles and San Gabriel regularly obtain the latter sum. The Wolfskill orchard alone produces for its owner no less an income than fifty thousand dollars a year. One notable advantage is that the actual cost of cultivation need not be large. It is averred that, excepting the harvest season, one man and a span of horses are all that is required to perform efficiently the work of pruning, irrigating and manuring a full-bearing grove of ten acres, containing five hundred citron trees. Six extra laborers prove sufficient during harvest time. But, as poor John Chinaman and the native Californian fruit-gatherers can be had in abundance, the remuneration never exceeds a dollar a day for each man. One drawback consists in the fact that the gathering-in of the harvest is a somewhat protracted work, inasmuch as the season extends from Christmas to the month of April ensuing. In 1872 the State of California possessed nearly thirty-nine thousand orange trees in flourishing condition. No doubt the number has been considerably augmented since then. By-and-by there is reason to believe that the "Golden State" will be as widely celebrated for the growth of its oranges as it now is for the production of its grapes and wines, in addition to fruits, which are unparalleled both as regards variety and amount. One manifest advantage is that an orange tree will live and thrive to a very great age, particularly in the extreme Southern States of America.—*The Squire*.

## AMERICAN RAILROADS IN JAPAN.

The first American railway ever built in the East has recently been completed on the island of Yesso, between Otaro on the sea-coast, and Sapposo, the capital, a distance of twenty-three miles. This road, known as the "Posonai Railroad of Hokaido," was constructed, says Consul General Van Buren, of Kanagawa, under the able supervision of Joseph Crawford, an engineer well known in the United States, and was completed in so short a time, and at such a low figure, as to excite the utmost admiration and approval of the government and people. The foreign newspapers published in Yokohama ridiculed the prediction that the road would be finished at anything like as low a cost as \$22,000 per mile. The actual fact appears to be that it cost less than \$20,000 a mile, including everything, and is now running, carrying from 400 to 500 passengers a trip, and doing an excellent freight business. It is the intention to extend the road twenty-two miles further, to the coal mines at Posonai. This is expected to be completed within two years. The railways heretofore built in Japan have cost immense sums for roadways and equipments—from two to five times more than this Posonai road. The road from Kanagawa to Tokio, eighteen miles, only a very small portion of which required expensive filling, cost over \$100,000 per mile. Nothing is so much



wanted in Japan as good, efficient means of transportation, and it is gratifying to know that Americans have demonstrated the practicability of building good railways for Japan in a reasonable space of time and at a very low cost.

#### *A HAWAIIAN SUGAR SYNDICATE.*

A Hawaiian commercial and sugar company has just been incorporated at San Francisco, with a capital stock of \$10,000,000, for the acquisition, construction, and maintenance of reservoirs, ditches, pipes, flumes, aqueducts, and other works necessary or proper for the purpose of irrigating lands on the various islands of the Hawaiian Kingdom, and for the cultivation, purchase, and sale of sugar cane, and the manufacture, purchase and sale of sugar. The corporation also proposes to lease lands, operate mills, construct wharves, to purchase or lease water rights or privileges, to build ships and lighters, and maintain lines of vessels between the ports of the Hawaiian Islands and other ports.

#### *RECLAMATION OF THE ZUYDER ZEE.*

The Government of Holland has determined to reclaim the Zuyder Zee, which has an area of 20,000 hectares. The engineers in charge of this work have been engaged for ten years past in preparing the plans, and the total cost is now estimated at not less than \$46,000,000. The dyke will be forty-one kilometers in length, and will extend from the city of Enkhuisen to the coast of the province of Overijssel. The top of the dyke will be built to the height of five meters above the level of the sea, which will bring it 2.05 meters above the highest tide. The dyke will be formed from sand and faced with clay, and will be built of sufficient dimensions to resist the heaviest seas. It is intended to commence operations on the work at four different points, and the calculation is to have it completed in from seven to ten years.

#### *CHINA.*

China, it is said, is inaugurating a system of industries which will give employment at home for the class which now seeks it in this country. Railroads are about to be constructed, wheat culture is being extended and flour mills introduced to make them independent of California, and textile factories are already successfully working. Mining is now being developed under competent engineers. Ship-building is being expanded, and a beginning is made in agricultural implements. Shoes and all kinds of clothing they can make in China and supply their California customers at round profits.

#### *ST. GOTHARD RAILROAD.*

Statistics of the new St. Gothard Railroad are interesting and suggestive. Its total cost is set down at 60,000,000f., its total length at 113 miles, and the length of the tunnel alone at nine and one-fourth miles. Work on it was carried forward both day and night by an average of 2347 men. One million kilogrammes of dynamite were consumed in the blasting, and 900,000 cubic meters of rock were excavated for the tunnel alone. The loss of human life was great, owing to the extraordinary difficulties of the work. Of men killed in the tunnel on the spot there were 177, and of men injured 631, some of whom afterward died of their injuries. For the entire line the total number of deaths was 310, and of injuries 877.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. INDORSEMENT.—FRAUDULENT PARTY.

A man calling himself Lord Marcus La Poer Beresford came to L. City. When here he made the acquaintance of C. who was known to the then manager of the bank in that place. B brought this man to the bank to identify him to the manager as Lord Marcus La Poer Beresford. The manager accepted the identification and cashed a bill of exchange on Ransom, Bouverie & Co., London, for £150, paying him \$250 in cash and a draft on Morton, Bliss & Co., New York, for \$570, payable to Lord Marcus Beresford. On getting these he started for New York in company with M of L. City, and who happened to be going at the same time. When in X, where the two separated, Beresford asked the First National Bank to cash the draft given him by the L. City bank. It was refused unless he was identified. He asked M to identify him. This M did verbally. The bank then asked M to indorse the draft, and after a little hesitation he did so, though not for value be it remembered. It was only to assist Beresford to get the money, and by that means consummate the fraud. M could not in any sense be regarded as an innocent holder for value, as he himself swore he did not know him to be Lord Marcus Beresford but only as the man who was called so in L. City. Now this man Beresford turned out to be a notorious swindler and not Lord Marcus Beresford. Before the draft reached Morton, Bliss & Co. for payment, the man's true character had been discovered and payment stopped by telegraph.

M, of course, as indorser, had to pay the amount to the First National Bank of X, and he brought suit against the L. City bank for recovery of the amount with interest, and was successful.

It was sworn to by the then manager of the bank, that he supposed he was dealing with Lord Marcus Beresford, a man well known in England. M also swore that he supposed he was dealing with this man.

Could this man give M a good title to the draft in the name of Lord Marcus La Poer Beresford when this was not his man?

REPLY.—This case presents several questions of importance and interest to bankers. There is a preliminary question worthy of consideration, though passed over by our correspondent. He says that when the bank at X desired the holder of the bill to identify himself, M did so verbally for him; but at the request of the bank he finally consented to indorse the draft. Now this indorsement was simply for the purpose of identification and had no other effect. Suppose M had declined to pay the draft to the X bank, could it have collected the amount of him? We do not think it could. Our correspondent assumes that M was liable on his indorsement, but this may be questioned.

In the case of the *Commercial Press v. Crescent City National Bank*, 26 La. Ann. 744, where it was proved that the indorser of a check indorsed it for no other purpose than to identify the person who presented it to the bank, and who was in the habit of collecting for the parties to whose order the check was drawn, it was held that the responsibility of the indorser related simply to the identity of the collector, but not as to his authority to sign the check for the parties to whose order it was given. The question the court said, was to be decided by taking into consideration in what manner and for

what purpose the indorser bound himself. For as he bound himself, so would he be bound. Applying this rule to the case before us, it is evident that M could not have been held, his sole object in indorsing the draft being to identify the holder of it.

But M paid it and received the draft and then sued the drawer to recover the amount, and the question is should the bank be required to pay him? The court has answered the question in the affirmative, but the bank questions the soundness of the decision, and we think there is ground for questioning it.

Our correspondent adds further by way of explanation :

M was not an indorser for value. He also swore that he did not know the man to be Lord Marcus Beresford, although he identified him as such. All he did in indorsing the draft was virtually to become a guarantee of his identity. The value that he gave for it was when the draft was returned unpaid he had as indorser to pay the amount to the First National Bank of X. Now I maintain that our case was unfairly given to the jury. We were debarred from showing that the bill of exchange taken by the bank was a forgery. On the contrary, it was given to the jury as if we had received full value. This made it appear that if in case of a verdict in favor of the bank it was going to be so much in pocket, whilst the real condition was it would still have been \$250 out.

Now what did the bank do? It made a draft payable to Lord Beresford. That draft it was liable to pay to him or to any one who should acquire a title thereto through him. But the draft on which M sues he has not acquired through Lord Beresford. He has obtained it from a bank who bought it of a swindler who never had had anything to do with Lord Beresford. Admitting that M had just as good title to it as the bank at X possessed, what right would that institution have had to sue the drawer? Lord Beresford, if any one, and he only, has a right to recover of the drawer. This is the way we look at the question from our present knowledge of the law and facts relating to it.

---

## II. PAYMENT OF DRAFT.

A issues a draft on B payable to the order of J. Doe, who resides in a neighboring town. The draft is sent by mail to the payee.

B renders A a statement of account the first of the month, as usual. An examination of the same is made by him, and he reports it O.K. with the exception that the indorsement of J. Doe, which appears upon the draft in question is not the indorsement of J. Doe for whom he intended it; the draft also shows that it has been purchased by a banker in a town quite remote from where the original payee lived.

B takes the draft and sends it to his correspondent C, from whom it was received with other items in the due course of business, charging them with it and making an explanation of the case; C in turn sends it to the banker from whom he received it and who was the purchaser.

He will not accept it, but states that he personally paid the money to J. Doe, whose indorsement appears in blank upon the back of same; that said J. Doe is personally known to him, and further, that said J. Doe does sometimes use the initial letter P in his signature.

He utterly disregards the claims of the drawer, and persists that the responsibility does not rest with him. Where does the legal responsibility rest?

REPLY.—Daniel states the rule very clearly, that if the drawee or acceptor of a bill pays it, and it turns out that the indorsement of the payee has been

forged the result is he cannot charge the amount in account against the drawer, and the payment is invalid; but as his act implies no admission of the genuineness of the indorser's signature he can recover back the amount from the holder to whom he paid it. *Neg. Inst.* § 1364.

This subject is very fully discussed by Judge Cowen in *Canal Bank v. Bank of Albany*, 1 Hill 287, and numerous cases are cited. See also the case of *Tillot v. Bank of Rochester* in the same volume, p. 295. The drawer must pay to the rightful owner, and can recover of the party who was not entitled to the money, and that party in turn can recover of the preceding one.

### III. WHEN PROTEST IS UNNECESSARY.

A gives B a draft on Houston State Bank for twenty five dollars, B indorses it and deposits the same in Bank C, which forwards it to Bank D in the City of Houston.

The latter bank protests the draft, stating that no such bank as Houston State Bank can be found. B declines to pay the fees for protesting on the ground that as the institution had no existence the protest was unnecessary.

Is he required to pay the face?

REPLY.—Parsons says that absence of protest may, in general, be excused on the same grounds which excuse neglect of notice. 1 *Bills and Notes*. p. 646, second ed. What, then, is a proper excuse for not giving a notice? The same author says that if the maker or acceptor has no place of business and no known residence, this will be a good excuse. *Ibid.* p. 527.

In *Adams v. Leant*, 30 N. Y. 309, Judge Wright says: "If the maker has no known residence or place, the holder will be excused from making any demand whatever." So in *Putnam v. Sullivan*, 4 Mass. 45, it was held that an indorsee is not bound to prove a demand on the maker, where he absconds before the note falls due. And in *Roberts v. Mason*, 1 Ala. 373, it was decided that if a note is made payable at a particular bank, and it ceases to exist before maturity, a demand in order to hold the indorser is excused. It is very clear, therefore, from the authorities given, and others that might be added, that notice in the case in question was wholly unnecessary. No possible good could have been effected by giving it.

Such being the case, ought the fees for protesting to be paid? Parsons says that "the notarial charges are a legal charge, it is believed, only where the protest is required by the law merchant." If, then, the protest in this case is not required the fees cannot be exacted. He adds, "it is certainly usual to pay them when they are reasonable and made in good faith and in conformity with usage." *Ibid.* p. 646. The protest seemed to have been so unnecessary that the notary ought not to complain if the payment of his fees is refused.

### IV. CERTIFICATE OF DEPOSIT.

#### PROVIDENCE BANK.

PROVIDENCE, R. I., —, 1882.

— has deposited in this Bank — dollars,  
payable to the order of —, —, upon the return of this certificate with  
interest at three per cent. if held six months.

—, Cashier.

"Can a banker at any time after the issue of a certificate, worded like the inclosed blank, and in the absence of any demand therefor by the holder, call upon him and compel him to accept the amount due him thereon at the time, according to its terms?"

REPLY.—It is a clearly recognized principle that "a certificate of deposit, issued by a bank or other depository to a depositor, upon his paying to the former a sum of money on general, or, as it is sometimes called, irregular, deposit, stating that the depositor has deposited that sum, payable to himself or order on demand, or on return of the certificate properly indorsed, is a promissory note." *Poorman v. Mills & Co.*, 36 Cal., and cases there cited. We have endeavored to find an adjudication covering the certificate in question; but after a pretty thorough search have found none.

Our opinion is, however, that in accepting the money and giving such a certificate the bank undertakes to pay interest thereon at the rate of three per cent. for six months, if the depositor keeps his money there during that period, and that the bank has no right afterward to change the undertaking. Is it not reasonable to presume that the depositor left his money with the bank expecting to keep it there for at least six months, otherwise why would he have taken such a certificate? The bank certainly expected to pay him interest, if the deposit remained six months.

Suppose the depositor had kept it there almost six months, and just before the expiration of that time the bank should say, "We do not wish to keep your money any longer, here it is," ought not the bank to be required to pay interest. The depositor leaves it there during this period, believing that it is earning interest, and we do not think it would be just for the bank to decline payment by asking him to draw his money before the expiration of six months.

Another question is involved in this inquiry. If the money remains on deposit for a longer period than six months, what relation exists between the depositor and the bank? In *Cordell v. First National Bank of Kansas City*, 64 Mo. 600, it was decided that where a certificate of deposit matures six months after date, and is to bear six per cent. interest from date, it will continue to bear the same rate of interest until paid. This view would seem to be decisive of the latter question.

#### V. INTEREST ON NOTE.

The following inquiry comes from a bank in Pennsylvania:

A gives his note to B, dated June 1, 1882, at six months for five thousand dollars with interest.

When due will B be entitled to interest for six months, \$150, or for one hundred and eighty-six days, \$155?

REPLY.—The note will be due on December 4, thus actually running six months and three days. The interest must be reckoned by calendar months and would amount to \$152.50.

---

REPEAL OF DUTY ON SILVER.—The Mexican Congress has repealed the export duty on silver coin and on silver bullion. Among the several reasons which determined the Mexican Congress to repeal that duty is the wish to encourage the investment of American capital in the Mexican mines. This Act of Congress will take effect on November 1 next.

## BOOK NOTICES.

*Elements of Political Economy, with especial reference to the Industrial History of Nations.* By ROBERT ELLIS THOMPSON, Professor of Social Science in the University of Pennsylvania. Philadelphia: Porter & Coates, 1882.

This is the third edition of Prof. Thompson's work, under a new title, and carefully revised. The principal American authors covering the same field are Perry, Amasa Walker and Sturtevant; but Prof. Thompson's conception of political economy is broader than that of either writer we have mentioned. What that conception is may be gathered from the following sentences: "Political or National economy is that branch of the science of man which treats of man as existing in society, and in relation to his material wants and welfare. It is therefore a subdivision of the science of sociology, or the science of social relations, which itself is a subdivision of the greater science of anthropology, or the science of man."

Starting with this clearly-formed conception, the author develops his subject in quite a different way from those who continue to regard political economy as concerned solely with the production, distribution and consumption of wealth. It is true that this English conception of political economy is well adapted to the British Isles; but it is thoroughly insular and narrow, and leads to many an erroneous conclusion when adopted and applied by other nations differently circumstanced from Great Britain. Bagehot and Leslie both saw this, and their loss is to be deeply deplored, for by their vigorous and well-directed blows they were weakening the English economic edifice, which, as they clearly saw, sadly needed a general reconstruction.

In his preface, Prof. Thompson states the two-fold purpose he had in view in preparing the work. The first was to furnish a readable discussion of the subject for those who wish to get some knowledge of it, but have neither the time nor inclination to study elaborate works; and the second purpose was to provide a text-book for teachers in colleges and elsewhere who approve of our National policy as in the main the right one, and who wish to teach the principles on which it rests and the facts by which it is justified.

If the author is less prone to reason and speculate than Perry, Walker, and the English school, his facts are more abundant, and these, after all, are the true foundation stones for a permanent political economy. It is not so easy to quarry them as to dream and theorize, but they are far more interesting and profitable to study. We can assure our readers that this work is written in a spirit of perfect fairness, and is the well-rounded and healthful fruit of long, earnest and diligent cultivation.

---

*The National Budget: The National Debt, Taxes and Rates.* By ALEXANDER JOHNSTONE WILSON. London: Macmillan & Co., 1882.

This belongs to a series of short books on the rights and responsibilities of Englishmen, entitled, "The English Citizen." It is intended to meet the demand for accessible information on the ordinary conditions and the current terms of English political life. More than a dozen volumes are in preparation

by persons well qualified to handle their respective themes. The volume before us contains one hundred and seventy-five pages, one hundred of which is filled with the financial history of England from the beginning to the present time. It was no easy thing, where such a vast field was to be traversed, to know precisely what routes to choose in order to interest and instruct the reader. Too much condensation often makes dry reading, and the most successful plan often is to give the weightiest and most interesting facts, rather than seek to condense everything into a small space. Condensation can sometimes be satisfactorily done, but perhaps the best author will sometimes follow the one plan and sometimes the other. The first requisite to successful workmanship of this kind is a complete mastery of the subject; and Mr. Wilson shows a marked familiarity with it. As we go along the history in company with him, we find this impression growing on us more and more. On the whole, this part of the book is very satisfactory.

The remainder is devoted to describing the present National income, how it is collected and spent, with a comparison of the revenues of other countries. The concluding chapter relates to local taxation and debt, to which is added a note on the cost of the English wars from the Revolution of 1688. The bill is an enormous one, and furnishes lasting food to the tax payer, however unpalatable it may be to him.

*Coffee; from Plantation to Cup. A Brief History of Coffee, Production and Consumption, with an appendix containing letters written during a trip to the Coffee Plantations of the East, and through the coffee-consuming countries of Europe* By FRANCIS B. THURBER. New York: American Grocer Publishing Association.

This is an exhaustive treatise on the history of coffee, its cultivation, and the mode of preparing it for use. The author, in a trip around the world, visited all the coffee-producing countries; and for many years having been extensively engaged in buying and selling the article, has taken a real interest in acquiring a knowledge of this famous plant. The work is illustrated, and is dedicated "to the man at Poughkeepsie who keeps the railroad refreshment rooms." Perhaps one of the most original things in the book is this dedication. We venture to say there never was such a one written before. Praise and condemnation are curiously mixed. It is hardly probable "that the English Steamship lines, which now enjoy a pre-eminence for bad coffee," will enjoy this introduction, or advertisement of their bad coffee-cooking. The worst thing though about it is, the criticism is true. If the owners of these lines were wise enough to purchase copies of this book for the benefit of their coffee makers, with directions to "follow copy," neither Mr. Thurber nor any one else would have occasion to grumble in the future. For the art of coffee-making is here given with every National variation. These recipes render the book valuable, apart from its very complete historical and statistical information.

*Statistics of the Foreign and American Iron Trade in 1881.* By JAMES M. SEANK, Secretary of the American Iron and Steel Association. Philadelphia: 1882.

This is the Annual Report of the secretary, containing statistics of the American iron trade to January 1, 1882, and a review of the present con-

dition of the iron industry in foreign countries. Elsewhere we have given a summary of the matters contained in this interesting and valuable publication. These reports are prepared with great care, and have become widely recognized as trustworthy guides in the important field annually gone over by them. General Swank, by his long connection with the Association, and by reason of having the perfect confidence of its members, is enabled to get many facts which no other person probably in the country to-day could obtain. This is one of the reasons why his reports possess such great value.

---

*Political Economy in One Lesson.* A lecture by ALPHONSE COURTOIS before the Philotechnic Association of Paris, translated from the *Journal des Economistes* by Worthington C. Ford. New York: The Society for Political Education.

The author of this lecture is well known by some readers through his valuable history of the Bank of France. He has done much too in the way of popularizing political economy among the masses. The above pamphlet is the summary of a course of lectures on that subject. Its merit consists in stating within twenty pages, in a lucid manner, all of the most important economic principles

---

*Argument before the Committee on Commerce of the House of Representatives in Opposition to the Pending Bill for the Regulation of Inter-State Commerce.* By G. R. BLANCHARD. New York: 1882.

This is an exhaustive argument, which occupied four days in its delivery, on a subject which, for several years, has been vexing the souls of many both in and outside congress. If the believers in the governmental regulation of railroads will candidly and carefully read these two hundred pages, we venture to assert that some of them will certainly get a clearer comprehension of the question than they now possess. They will learn that the price for transporting freight by the principal railroad lines is determined by the rates charged for carrying it by water; and as these generally are very low, so are the rates for railroad transportation. Six dollars per ton from Chicago to New York can by no stretch of the imagination be called an excessive rate; indeed, it is very low. Yet, as Mr. Blanchard shows, this is the rate which the trunk lines here have often charged during the last few years. Three-fifths of a ton per mile—not half the rate charged on the German railroads, owned by the Government! There is no possible reason, therefore, for soliciting governmental interference in order to get cheaper rates, because these are low enough now. There is no abuse in this direction to be corrected. It is true that two difficulties press for solution: how can rates be kept steady; and how can railroads be required to charge the same rates to all without regard to quantity? Perhaps the Government can do something toward solving the latter difficulty; but the former, which is the more important, the railroads are just as desirous of solving as freight owners. The question is of vital consequence to them, and they are eagerly trying to find a permanent solution. We believe, too, that they are as likely to find it as any set of Government officials would be. They are certainly making progress. Is it not the wiser plan, therefore, to leave the problem with them still longer? All the points involved



in this important inquiry are ably and thoroughly discussed by Mr. Blanchard, and we wish his argument might have the candid and patient study which it so richly merits.

---

*Comparative Rates of Wages in the United States and in Foreign Countries.*

By JOSEPH NIMMO, JR., Chief of the Bureau of Statistics, Treasury Department. Washington: 1882.

This report was made in response to a resolution of the Senate. The accuracy of some of its facts and conclusions have been challenged by Col. Wright, the Chief of the Massachusetts Bureau of Statistics of Labor, between whom and Mr. Nimmo a friendly controversy is going on. The question dividing them is an important one, especially in view of the revision of our tariff laws, and ought to be rightly settled at an early day.

---

*Canadian Politics.* 1882. By PETER IMRIE, Lanarkshire Farmers' Delegate to Canada.

The author of the above pamphlet says: "May I venture to crave your most serious attention to the intolerable and unexampled magnitude of the wealth which the Canadian Pacific Railway Company may extract from the Northwest Territory, unless a more severe Government than the present one be appointed to look after the interest of settlers, and of the country generally? The calculation in the accompanying pamphlet, to the effect that the Company will be in a position (unless very rigorously dealt with by Government) to extort from the farmers as much as \$7.50 per acre per annum, beyond what they have any equitable right to, is by no means fanciful. It is only too true. Hence, if the Company can just manage to get people into the country, they may draw improper profits to the extent of, literally, hundreds of millions of dollars per annum. The magnitude of this abuse simply staggers one when carefully calculated." The object of this pamphlet is to set forth these abuses.

---

*Fourth Annual Report of the Public Examiner of the State of Minnesota to the Governor for the year ending November 30, 1881.* HENRY M. KNOX, Public Examiner. Saint Paul: 1882.

---

*The Gold Supply and its Bearing on the Question of Monetary Standards.*

*The Gold Production of the Earth.*

*Something for the In-coming Secretary of the Treasury to Read.*

These pamphlets are a reprint of articles which first appeared in the *Mining Record*. Gen. Jordan wields a strong pen, and the foregoing contributions to the monetary question are replete with accurate statistics and vigorous arguments.

---

PROFITS ON SILVER COINAGE.—Secretary Folger reports as the result of an examination of the silver profit fund account of the several coinage mints for the years 1879, 1880 and 1881, a total credit to the fund during this period of \$10,081,496. This amount represents the difference between the cost to the United States of the silver bullion coined and the face value of the coins issued.

## WORKS ON POLITICAL ECONOMY, BANKING, FINANCE, ETC.

As we are frequently asked to give lists and prices of works pertaining to the above subjects we have prepared the following list of the most important works that have appeared in English. Any further information that may be required we should be glad to furnish to our readers.

BOWEN (FRANCIS). "American Political Economy; including Strictures on the Management of the Currency and the Finances since 1861, with a chart showing the Fluctuations in the Price of Gold." 12mo, ix-495 pp. N. Y. 1870.

PATTERSON (R. H.). "The Science of Finance." A Practical Treatise. 12mo, xxii-710 pp. Edinburgh and London: 1868.

Contains a good account, among other matters, of English panics.

—— "The Economy of Capital; or Gold and Trade." 12mo, xv-456 pp. Edinburgh and London: 1865.

SOMERS (ROBERT). "The Scotch Banks and System of Issue; including Translation of *Les Banques D'Ecosse*." By L. Wolowski. With notes, remarks, and appendix. 12mo, xii-244. Edinburgh: 1873.

FULLERTON (JOHN). "On the Regulation of Currency." 8vo, xii-253. London: 1845.

MORAN (CHARLES). "Money." 12mo, vi-228. N. Y.: 1863.

EVANS (D. M.). "Commercial Crisis. 1847-1848." London: 1849.

—— "History of the Commercial Crisis. 1857-1858, and the Stock Exchange Panic of 1859." London: 1859.

MILL (JOHN STUART). "Principles of Political Economy." With some of their applications to social philosophy. 2 vols., 12mo, 615-603 pp. N. Y.: 1876.

CAIRNES (J. E.). "Some Leading Principles in Political Economy Newly Expounded." 8vo, viii-506 pp. N. Y.: 1874.

—— "Essays on Political Economy, Theoretical and Practical." 8vo, London: 1878.

JEVONS (W. S.). "The Theory of Political Economy." 8vo, lvii-315 pp. London: 1879.

FAWCETT (H., M. P.). "Manual of Political Economy." 12mo, xxxii-626 pp. London: 1876.

PERRY (A. L.). "An Introduction to Political Economy." 12mo, 348 pp. N. Y.: 1877.

—— "Elements of Political Economy." 8vo, xiv-607 pp. N. Y.: 1873.

STURTEVANT (J. M.). "Economics; or, the Science of Wealth." 12mo, 343 pp. N. Y.: 1879.

WALKER (AMASA). "The Science of Wealth." A Manual of Political Economy. 8vo. Boston: 1866.

PRICE (BONAMY). "Chapters on Practical Political Economy." 8vo. London: 1878.

ROSCHER (WM). "Principles of Political Economy." 2 vols. 8vo, 464-452 pp. N. Y.: 1878.

SMITH (ADAM). "An Inquiry into the Nature and Causes of the Wealth of Nations." 2 vols. 8vo, iii-423-594 pp. Oxford: 1869.

—— Same, cheap edition. 12mo, xvi-785. N. Y.: 1878.

MARSHALL (ALFRED) and MARSHALL (MARY PALEY). "The Economics of Industry." 16mo. London: 1879.

SHADWELL (J. L.). "A System of Political Economy." 8vo. London 1877.

TWISS (TRAVERS). "View of the Progress of Political Economy in Europe since the 16th Century." 8vo. London: 1847, (out of print and scarce).

JEVONS (W. S.). "Money and the Mechanism of Exchange." 12mo, xxiii-350 pp. New York: 1879.

WALKER (FRANCIS A.). "Money." 8vo, 550 pp. New York: 1878.

PRICE (BONAMY). "Principles of Currency and Banking." 12mo, 176 pp. New York: 1876.

MCADAM (GRAHAM). "An Alphabet in Finance." A simple statement of permanent principles and their application to questions of the day. 12mo, xiii-210 pp. New York: 1877.

NEWCOMB (SIMON). "The A B C of Finance; or, money and labor questions explained to common people in short and easy lessons." 32mo, 115 pp. New York: 1879.

WHITE (A. D.). "Paper Money." Inflation in France. How it came, what it brought, and how it ended. 12mo, 28 pp. New York: 1879.

MCCULLOCH (HUGH). "Bi-Metallism." (*Economic Monographs*, No. 17), 8vo. New York.

SUMNER (WM. G.). "A History of American Currency." With chapter on the English Bank Restrictions and Austrian Paper Money. 12mo, 390 pp. New York: 1878.

RICHARDSON (H. W.). "Paper Money." A collection of the principal Historical Facts bearing upon the Current Financial Discussions. Paper, 59 pp. 8vo. New York: 1879.

LINDERMAN (H. R.). "Money and Legal Tender in the United States." 12mo. 173 pp. New York: 1879.

MANN (C. A.). "Paper money the Root of Evil." 8vo. New York: 1872.

BOLLES (ALBERT S.). "The Financial History of the United States." 8vo. New York: 1880.

FAWCETT (W. L.). "Gold and Debt, an American Handbook of Finance." With eight tables and diagrams, together with a digest of the monetary laws of the United States. 12mo. Chicago: 1876.

WELLS (D. A.). "The Dollar of the Fathers versus the Dollar of the Sons." New York: 1878 (new edition in preparation.)

ATKINSON (EDWARD). "What is a Bank? What service does a bank perform?" (*Economic tracts*, No. 1, Society for Political Education.) New York: 1881.

GILBART (J. W.). "The Principles and Practice of Banking." 8vo.

MCLEOD (H. D.). "The Theory and Practice of Banking." Second edition, 2 vols, 8vo. London: 1866.

—— "The Elements of Banking." 12mo. London: 1876.

HANKEY (T.). "Principles of Banking." Its utility and economy, with remarks on the Bank of England. Third edition, 8vo. London: 1875.

BAGEHOT (W.). "Lombard Street." A description of the money market. 12mo, viii-359 pp. New York: 1874.

PRICE (BONAMY). "Currency and Banking." 12mo, 176 pp. New York: 1876.

CRUMP (ARTHUR). "A Practical Treatise on Banking, Currency, and the Exchanges." 12mo. London: 1866.

MORSE (—). "Treatise on the Law Relating to Banks and Banking." Second edition, 1879.

RICHARDSON (W. A.). "Practical Information Concerning the Public Debt of the United States, with the National Banking Laws." 8vo. 1872.

GOSCHEN (Hon. GEORGE J.). "The Theory of the Foreign Exchanges." 12mo. London: 1876.

SEYD (ERNEST). "Bullion and the Foreign Exchange, Theoretically and Practically Considered." Followed by a defence of Double Valuation, with special reference to the proposed System of Universal Coinage. 8vo. London: 1868.

SCUDDER (M. L.). "National Banking." (*Economic Monographs*, No. 12.) 8vo. N. Y.: 1879.

MCCULLOCH (J. R.). "Taxation and the Funding System." 8vo. London: 1845.

TENNANT (CHARLES). "The People's Blue Book. Taxation as it is and as it ought to be." 16mo. London: 1872.

BAXTER (R. D.). "The Taxation of the United Kingdom." 8vo. London: 1869.

WELLS (DAVID A.). "Rational Principles of Taxation." Proceedings of the American Social Science Association for 1874. 8vo. New York.

— "Theory and Practice of Local Taxation in the United States." In *Atlantic Monthly* for January, 1874. Boston.

— "The Reform of Local Taxation." In *North American Review*, April, 1876.

— "Are Titles and Debts Property." In *Atlantic Monthly*, Sept., 1877.

MINOT (WILLIAM J.). "Taxation in Massachusetts." 8vo. Boston: 1877.

ANDREWS (GEORGE H., Commissioner of Taxes). "Twelve Letters on the Future of New York." 8vo. New York: 1877.

"The Taxation of Railroads and Railroad Securities, considered theoretically and also with reference to actual experiences in the United States and Europe." 8vo. 16 pp. Boston: 1880.

LEVI (LEONE). "History of British Commerce and of the Economic Progress of the Nation from 1763 to 1870." 8vo. London: 1872.

CUNNINGHAM (W.). "The Growth of English Industry and Commerce." 12mo, xiv-492 pp. Cambridge, Eng.: 1882.

BLANQUI (J. A.). "History of Political Economy in Europe. By Jerome Adolphe Blanqui, member of the Institute and professor of political economy. Translated by Emily J. Leonard, with an introduction by the Hon. David A. Wells. 8vo, xii-585 pp. New York: 1880.

BAGEHOT (W.). "Economic Studies." 8vo. London: 1880.

SPAULDING (E. G.). "History of the Legal Tender Act." Shows how the Act came to be passed, what views controlled Congress at the time, the limitations then considered essential, etc.

BAGEHOT (W.). "International Coinage. A practical plan of assimilating English and American money, as a step toward a universal money." 8vo, paper. London: 1869.

FRANCIS (JOHN). "History of the Bank of England from 1694 to 1844, continued to 1862 by I. S. Homans." 8vo. New York: 1862, \$4.

LEWINS (WM.). "History of Savings Banks in Great Britain and Ireland," including a full account of the origin and progress of Mr. Gladstone's financial measures for post-office banks, Government Annuities, and Government Life Insurance. 8vo. London: 1866.

ROYALL (WM. L.). "Andrew Jackson and the Bank of the United States, including a history of Paper Money in the United States." (*Economic Monographs*, No. 19.) 8vo. N. Y.: 1880.

DOWELL (S.). "A Sketch of the History of Taxes in England, from the earliest times to the present day." Vol. I.—To the Civil War of 1642. 8vo. London: 1876. One volume only published up to present date.

THOMPSON (R. E.). "Elements of Political Economy, with especial reference to the Industrial History of Nations." Third edition. Philadelphia.

## PUBLIC INDEBTEDNESS OF THE WORLD.

The forthcoming census will contain an elaborate report on public indebtedness prepared by Robert P. Porter. The interesting facts here given have been culled by the *Cincinnati Commercial* from that source:

It will amaze many people to learn that the aggregate of National indebtedness has increased from \$7,627,692,218 in 1860 to \$23,286,414,753 in 1880, or nearly triole in twenty years.

The public debt of France has grown from \$1,854,136,500 to \$3,829,982,399, the largest National debt of any nation in the world, its vast increase being due to the Franco-German war.

Next comes Great Britain, which, in 1860, owed the enormous sum of \$3,893,200,000, since reduced to \$3,766,671,000. She is the only great nation except the United States that has succeeded in diminishing the mountain of debt piled upon the people.

Russia has raised her indebtedness from about one billion of dollars to more than three times that sum and ranks third among the nations for the magnitude of her debt.

Spain follows with a debt increased from the modest sum of five hundred and twenty-five millions, in round numbers, in 1860, to \$2,579,000,000 in 1880, an enormous indebtedness considering her resources.

The kingdom of Italy comes next, with an indebtedness of \$2,540,000,000 now, against \$437,985 in 1860. But that is hardly a fair comparison, considering that United Italy is a creation of the past twenty years, and greatly enlarged in her borders and resources since that time.

Fifth in rank for indebtedness is the United States. Her public debt in 1860 was comparatively unimportant, amounting to only \$64,842,000 at that time. Then came the great war of the rebellion, at the close of which the indebtedness reached upward of three billions of dollars. It is put down by Mr. Porter in 1880 at \$2,120,415,371, and has since been reduced till it is under two billion, and very nearly what that of Austro-Hungary was in 1880—\$1,881,000,000.

Turkey is the only other nation whose indebtedness rises to the magnitude of billions, it having increased from \$ 160,000,000 in 1860 to \$ 1,376,000,000 in 1880.

The average yearly increase in public indebtedness since 1848, according to Mr. Porter, has been \$ 489,335,079, and continued at that rate to the end of the century, it will reach the almost incomprehensible sum of \$ 32,583,781,254. At what a rate the credit of the world is drawn upon to carry on government.

In this estimate of course is not included the indebtedness of States, counties, townships, and villages and cities. We have no means of knowing what the extent of such indebtedness is in foreign lands, but the aggregate of it for the United States is put at something over one billion of dollars, more than one-half of it having been incurred by cities having over 7,500 inhabitants.

## RUSSIAN GOLD PRODUCT.

The following account of the production of the Russian gold mines first appeared in the *Russische Revue*, and has been translated for the *Mining Record*, where it was lately published :

Gold production in Russia was started by the Government in 1745. In that year the first gold and silver were obtained on the Schlangenbergl in the Altai, and sent to St. Petersburg. In the same year, 1745, gold was also first found in the Woitzkisch mine (Govt. Archangel). The year 1745, was finally made remarkable in the history of Russian mining by a third discovery which laid the foundation for all the later gold wealth of Russia. This was the discovery of the gold mine of Beresowsk, in the neighborhood of Jekaterinenburg, which sent its first gold to St. Petersburg in 1745, namely: sixteen pounds, fifty-nine solotink and fifty-four doli of bullion.

The most important effect upon the gold production was wrought by the abandonment of the Ukas, May 28, 1812, in consequence of which private citizens were permitted to take up gold and silver mining on their own account. The working of the gold washings, or the so-called gold dust, was first granted to citizens in the year 1819, and then only to the owners of mining or smelting works. Newjansk on the Ural is where the first gold was washed by private enterprise, and until the year 1828 private gold production confined itself to the district of the Ural mountain range. Later, gold production began to extend generally, reaching further and further eastward into Siberia, and now gold is obtained in all West and East Siberia, in the Governments of Perm and Orenburg, and in the Kurgis Steppes. There the Government, until very lately, had gold washings on the Ural; the Government of his Majesty the Tsar now works the gold in the Altai and Nertschinsk mountain district, and, finally, private citizens in all the above mentioned regions are engaged in gold production.

From the crown and private washings was obtained in 1814-1859, in gold alloy :

Years.	Pud.	lbs.	Years.	Pud.	lbs.	Years.	Pud.	lbs.	Years.	Pud.	lbs.
1814.	16.	3½	1826..	231.	10	1838..	495.	32½	1849..	1,453.	32½
1815..	14.	9	1827..	281.	33½	1839..	557.	39½	1850..	1,474.	2¾
1816..	15.	32	1828..	290.	34	1840..	646.	16	1851..	1,366.	30½
1817..	18.	7	1829..	289.	27½	1841..	909.	3	1852..	1,363.	16½
1818..	16.	26½	1830..	360.	8	1842..	1,241.	11¾	1853..	1,596.	26¾
1819..	14.	9	1831..	367.	33¾	1843..	1,279.	26¾	1854..	1,649.	13¾
1820..	19.	24½	1832..	378.	27½	1844..	1,307.	8	1855..	1,655.	19¾
1821..	27.	28½	1833..	375.	5½	1845..	1,611.	26½	1856..	1,733.	25¾
1822..	53.	32	1834..	386.	8¾	1846..	1,757.	8	1857..	1,687.	24
1823..	105.	26½	1835..	398.	30½	1847..	1,684.	28¾	1858..	1,541.	33¾
1824..	205.	33½	1836..	442.	22½	1848..	1,588.	5	1859..	—	—
1825..	237.	17	1837..	493.	5						

Since the year 1860, which I have taken for the beginning of my review, there has been obtained in gold dust from the washings belonging to crown, to the cabinet of his Majesty the Tsar, and to citizens :

<i>Years.</i>	<i>Pud. lbs.</i>	<i>Years.</i>	<i>Pud. lbs.</i>	<i>Years.</i>	<i>Pud. lbs.</i>	<i>Years.</i>	<i>Pud. lbs.</i>
1860	1,491.17½	1865	1,576.7¾	1870	2,162.27½	1874	2,028.4½
1861	1,456.4½	1866	1,659.19¼	1871	2,400.36¾	1875	1,995.29¾
1862	1,460.29	1867	1,649.24½	1872	2,308.12	1876	2,094.3½
1863	1,459.19	1868	1,711.16½	1873	2,024.38½	1877	2,502.6½
1864	1,397.37	1869	2,028.31½				

From the above figures it may be seen that before 1860, the output of gold was the richest in the years 1847 and 1857, amounting to more than 1700 pud.

From the year 1857 began a falling off in the gold yield, which amounted in 1860 to only 1491 pud, and in 1864 even fell below 1400 pud. In the seven years following, gold production made a swift advance and rose almost 1000 pud; in the next four years it sank again to below 2000 pud, and not till the last two years, 1876 and 1877, was a rapid rise again noticeable, when the height of 2500 pud was reached.

Scanning the above tables more closely, we note at once that the recorded shrinkage in the total gold yield of Russia, depended altogether upon the output of private washings. The fall in gold production at that time was chiefly due to weather conditions; that is, either to drought which caused a lack of water at the washings, or to excessive rain in consequence of which the rivers overflowed, preventing a rich yield from the gold-bearing sands; and finally, not seldom, both these obstructions falling in the course of a summer first drought and then continued rain, brought work at the gold washings to a stand-still. Moreover, the following must be accepted as causes which influenced the lessening of the gold yield; the utter exhaustion, not only of separate rich washings but also of the whole district, and the failure of many owners.

Temporary rises in the gold yield were brought about by chance discoveries of exceedingly rich gold diggings. The sudden rise in figure of the gold dust obtained in the last two years depends partly upon the increase of the percentage of gold duty, established in 1876, though chiefly upon the high value of our coin, since, as is known, for all gold delivered at the mint, account was made in half imperials, these being reckoned at their face value.

According to districts, the gold obtained in Russia, is divided as follows :

GOLD YIELD IN RUSSIA (IN PUD.)

<i>Year.</i>	<i>Ural.</i>		<i>West Siberia.</i>		<i>East Siberia.</i>		<i>Finland Private.</i>	<i>Total.</i>
	<i>Crown washings.</i>	<i>Private washings.</i>	<i>Altai Mt. district.</i>	<i>Private washings.</i>	<i>Nertschinsk Alt. district.</i>	<i>Private washings.</i>		
1860	114¾	214¾	33¾	38¾	75¾	1,014¾	—	1,491½
1861	96¼	196½	20	42¾	83¾	1,021¾	—	1,456½
1862	91¼	302½	23¾	84¾	142¾	1,003¾	—	1,649½
1863	123¾	283	13¾	176	153¾	1,594¾	3¾	2,308½
1864	13	392½	11¾	130¾	142¾	1,811	½	2,502½

From this table it may be seen that :

(1). At the crown washings on the Ural, the gold production had well nigh stopped. In the year 1876, only sixty-three pud of gold were obtained here, and in the year after barely thirteen pud. This sudden change arose from the fact that in the year 1876, the crown washings of Miask were given over to private citizens.

(2) The figures of the gold yield at the Ural private washings, which made 286 pud in 1876, rose at once in 1877 to 392½ pud, through the addition of the yield from the washings of Miask.

(3). In the Altai district the gold product shows a continual falling off and

hard'y amounts to twelve pud in 1877, that is, it has become reduced to one-third in the last eighteen years.

(4) Quite the contrary do we find in the gold washings of citizens in West Siberia, where the gold yield slowly but steadily rises, and has increased three and a half times in the course of eighteen years.

(5). In the Nertschinsk Mountain district, the gold yield doubled from 1860 to 1872, and in the last year amounted to 153 pud. Since 1872 it has again fallen a little.

(6). The private washings of East Siberia furnish the greatest amount of gold and entirely govern the rise in the total gold yield of Russia. While, in the last eighteen years, the washings worked by private citizens in East Siberia have increased their production by about 800 pud; all the remaining gold washings were only in a condition to raise their output of gold to 200 pud. From 1860 to 1877, the gold yield of the private washings in East Siberia, increased about eighty per cent.

(7). Finally, it is to be noticed that gold production began in Finland in 1870, and reached its highest point in the year following, when the figures of the gold here obtained made only three pud eighteen pounds. From the year 1872, the gold yield of Finland gradually sinks, and in 1877 comes to less than twenty pounds.

If we consider the year 1877, we see that the percentage of gold yield is shared by the different districts, as follows: The private washings of East Siberia furnished 72.4 per cent. of the total yield; the private washings of the Ural 15.66 per cent.; the Nertschinsk Mountain district 5.7 per cent.; the private washings of West Siberia 5.2 per cent., the Ural crown washings 0.52 per cent., and finally the Altai Mountain district 0.43 per cent.

#### GOLD YIELD IN EAST SIBERIA (IN PUD)

Year.	Government of Jenisseisk.					Transbaikal.				Olekminsk district, Gov't Irkutsk.	Amur territory.	Coast region.
	Jenisseisk district.		Atschinsk district.	Minussinsk district.	Kansk and Nishue Uinsk districts, (Gov't Irkutsk.)	Werchue Udiusk district.	Bargusinsk district.	Nertschinsk district.	Wercho Lensk district.			
	Northern part.	Southern part.										
1860..	42½	184¼	20	4¾	31¼	15½	85½	—	—	19½	—	—
1872..	37½	181¼	15	4½	20¼	16	131¼	—	—	217	—	—
1877..	32¼	110	21	3¼	26½	13	94¼	105½	—	267	—	—
1872..	246½	162¼	15½	24½	12½	12½	60½	177	1	610½	196	4½
1877..	15½	167¼	20	37¼	37½	13½	27½	227½	—	928	172	12½

In the district of Jeuneseisk, which was once distinguished for its gold wealth, the yield began to lessen in the fifties, and from 1860 to 1877 it diminished during the whole period. Especially strong is this falling off in the northern part of the district, which furnished in 1860, 425 pud, about forty-two per cent. of all the gold obtained in the whole of East Siberia. In the year 1877, only 13¾ pud were obtained here, that is, not more than 8.75 per cent. of the total gold yield of East Siberia.

In the other districts belonging to the basin of the Jenisei, such as Atschinsk, Minussinsk, and Kansk, in the Government of Jenisseisk and Nishue Udiensk in the Government of Irkutsk, the mass of gold produced is in the main not large and has suffered no special change during the last eighteen years.

As concerns the Transbaikal, it is plain that in the district of Werchue, Udiensk, and Bargusinsk, the gold yield continually diminishes. In the latter of these two districts, the total gold product amounted in 1877 to not more than twenty-seven and one-quarter pud, which is about one-fifth of that yielded in the year 1852 (131¼ pud.)



In the district of Nertschinsk, private citizens were first permitted to work the gold washings in the year 1864, and here in 1865 began a gold yield (thirty-two pud,) which, very swiftly rising, reached the sum of 227½ pud in the year 1877, that is, increased seven fold in twelve years.

In the district of Wercho-Lensk, gold production has been in operation since the year 1867, and in an extremely narrow compass, goes on without interruption.

Undeniably, the richest and most productive gold washings are found in the basin of the Lena and its tributaries, the Witim and the Olekma in the Olekminsk district, in the Government of Jakutsk. In the year 1860, the amount of gold produced in the district came to less than 200 pud; in 1877, 928 pud were obtained here, that is, the yield increased more than four and a half times.

In the Amur district, gold production was granted to citizens in the year 1866, but the yield began in 1868 with a sum of fifty pud. In the next year (1869) the yield is doubled, and from that rises generally, and in the year 1872, reaches the figure of 196 pud. In the years following, the yield suffers but little shrinkage and varies between 150 pud (1874) and 173 pud (1875.)

In the coast region of East Siberia, gold production began in 1872, continues with interruption and makes but slow development which must be ascribed to the lack of skilled labor and the dearth of necessities.

Finally, it must be observed, that in the year 1877, gold production began again in the districts of Krassnojarsk and Irkutsk, in the Government of Jenisseisk, eight pud twenty-four pounds of gold being yielded by the former, and seven pounds by the latter.

## TAXATION OF INSOLVENT BANKS.

### U. S. COURT OF CLAIMS.

*Waller S. Johnston, Receiver, v. The United States.*

1. The Act of Congress of March 3, 1879, ch. 125, § 22 (supplement to Revised Statutes p. 449), which provides that after a National bank has become insolvent, no tax shall be assessed, collected, or paid to the United States which would diminish the assets necessary for the full payment of its depositors, and that such taxes thus abated, applies to taxes assessed upon insolvent banks before the passage of the Act, but not paid when the Act first took effect.

2. Courts look to the occasion for the passage of an Act and consider the wrongs which it seeks to remedy, in order to ascertain how far Congress intends to afford a remedy.

3. The Act in question was passed to relieve depositors from contributing to the payment of taxes which are assessed, not upon them, but upon the assets of the proprietors; and it abates the tax when the proprietors have no assets which can be reached, from which to pay the same.

4. An interesting controversy between the Comptroller of the Currency and the Treasurer of the United States, in relation to such a case of taxation set forth and reviewed.

RICHARDSON, J., delivered the opinion of the Court:

The claimant is the Receiver of the National Bank of the State of Missouri, in Saint Louis. He was duly appointed on the twenty-third day of June, 1877, by the Comptroller of the Currency, who then officially declared the bank to be insolvent and unable to pay its just and legal debts.

By the following sections of the Revised Statutes, National banks are required to pay to the Treasurer of the United States each half year, in the months of January and July, certain taxes on the average amount of their circulation, deposits, and capital stock, and it is made the duty of the president or cashier of each bank to make semi-annual returns of the average amount of each item which is thus subjected to taxation.

SEC. 5214. In lieu of all existing taxes, every association shall pay to the Treasurer of the United States in the months of January and July, a duty of one-half of one per centum each half year upon the average amount of its notes in circulation, and a duty of one-quarter of one per centum each half year upon the average amount of its deposits, and a duty of one-quarter of one per centum each half year on the average amount of its capital stock beyond the amount invested in United States bonds.

SEC. 5215. In order to enable the Treasurer to assess the duties imposed by the preceding section, each association shall, within ten days from the first days of January and July of each year, make a return, under the oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average amount of its notes in circulation, and of the average amount of its deposits, and of the average amount of its capital stock, beyond the amount invested in United States bonds, for the six months next preceding the most recent first day of January or July. Every association which fails so to make such return, shall be liable to a penalty of two hundred dollars, to be collected either out of the interest as it may become due such association on the bonds deposited with the Treasurer, or, at his option, in the manner in which penalties are to be collected of other corporations under the laws of the United States.

SEC. 5216. Whenever any association fails to make the half-yearly return required by the preceding section, the duties to be paid by such association shall be assessed upon the amount of notes delivered to such association by the Comptroller of the Currency, and upon the highest amount of its deposits and capital stock, to be ascertained in such manner as the Treasurer may deem best.

SEC. 5217. Whenever an association fails to pay the duties imposed by the three preceding sections, the sums due may be collected in the manner provided for the collection of United States taxes from other corporations; or the Treasurer may reserve the amount out of the interest as it may become due on the bonds deposited with him by such defaulting association.

When the taxes on National banks became due and payable in July, 1877, this bank was no longer in the control of its former officers, and neither the president nor cashier was in a condition to make the returns upon which the taxes were to be based, and none were made by them.

In the following month of September, the receiver made the return which the statute requires to be made by the president or cashier, in which, after specifying the average amount of circulation and deposits, upon which the taxes assessable were \$6033.33, he set down the "average amount of paid-up capital stock" as "none." The fact was, as the Treasurer was further informed by the Comptroller of the Currency, that the whole capital of the bank had been lost, and that it had no capital during the fractional part of the six months ending June 23, 1877.

Notwithstanding these facts, the Treasurer demanded payment of taxes from the bank, not only upon its average circulation and deposits for the six months immediately preceding July 1, 1877, but upon its nominal capital stock also, amounting in all to \$11,569.87. This sum he requested the Comptroller of the Currency to pay, but payment was refused.

There was a large sum of money collected by the receiver from various assets of the bank deposited in the Treasury of the United States to the credit of the Comptroller, and there made subject by statute to the order of that officer alone. (R. S., § 5234.)

On the twelfth of January, 1878, the Treasurer, without any order, and against the objection of the Comptroller, charged to this deposit the whole amount of the tax so assessed, and took a certificate of deposit therefor from the Assistant Treasurer.

On the fourteenth of January, 1878, he transmitted this certificate to the Secretary of the Treasury, with "the request that the amount be suspended and not covered into the Treasury for the present."

The efforts of the Treasurer thus to enforce payment were resisted by the Comptroller, who addressed a letter to the Secretary on the seventeenth

of January, setting forth this objection and requesting that the amount "be suspended and not covered into the Treasury until the question of the payment of semi-annual duty by insolvent National banks shall be determined, either by the courts or by legislation now pending in Congress." On the eighteenth of January the Secretary made his reply in writing, stating that the amount would not for the present be covered into the Treasury; and it was retained by him without official action until after the passage of the Act of March 3, 1879, ch. 125, in the twenty-second section of which is the following provision:

That whenever and after any bank has ceased to do business by reason of insolvency or bankruptcy, no tax shall be assessed, collected or paid into the Treasury of the United States, on account of such bank which shall diminish the assets thereof necessary for the full payment of all its depositors, and such tax shall be abated from such National banks as are found by the Comptroller of the Currency to be insolvent (Supplement to Rev. Stat., p. 449.)

Afterwards the Comptroller of the Currency found and made certificate "that from the assets and resources of said bank, including the individual liability of its shareholders, sufficient moneys have not been realized, and will not be realized, to pay the depositors of said bank in full the amounts due them for deposits and the interest thereon; and that the tax alleged to be due from said bank for the half year ending July 1, 1877, to wit, the sum of \$11,569.87, will, if paid, diminish the assets of said bank necessary to pay the depositors of said bank in full, without interest." This certificate was an official act of the Comptroller, and even if not conclusive of the facts certified to, it was at least *prima facie* evidence and is not impeached.

On the eleventh of March, the Comptroller addressed a letter to the Secretary of the Treasury calling his attention to the new enactment and the insolvent condition of this bank, and requesting him to return the certificates of deposit for unpaid taxes on insolvent National banks, which had been retained by him at the request of the Comptroller and the Treasurer. This the Secretary declined to do, and on the fourteenth of June, 1879, the same was covered into the Treasury by a regular covering-in warrant.

The question whether or not the nominal capital stock of an insolvent National bank is subject to a semi-annual tax thereon, when the whole real capital has been lost, and nothing remains for the stockholders, and they may be liable to assessments for the payment of the debts, was not much argued on either side, and has not been considered by us. Nor have we considered whether or not the Treasurer, even if the tax claimed by him was a legal liability of the bank, had the right to charge it against the deposit to the credit of the Comptroller without the authority of that officer and against his protest.

The view we take of the case renders it unnecessary to pass upon either of these questions.

Whether the Treasurer had a right to take the money from the Comptroller's account or not, he has done so, and the Secretary of the Treasury has formally and effectively covered it into the Treasury, where it is beyond the reach of any executive officer to recover it without an appropriation by Congress. How the money reached the Treasury, whether by a right or wrong process, is immaterial. If the defendant's claim for the tax was valid when the money was covered into the Treasury, or is valid now, they may retain the money. If the tax was and is invalid for any reason whatever, or has been abated, then the defendants have money belonging to the claimant which they cannot in equity and good conscience retain, and this action in the nature of assumpsit for money had and received to the claimant's use may be maintained.

If it be conceded that the tax in question was rightly assessed in the first instance, the only inquiry is whether or not it was abated by the Act of March 3, 1879.

It is urged on the part of the defendants that the Act is to be construed as prospective and not applicable to taxes assessed upon National banks declared insolvent before its passage. Admitting the correctness of the first part of this proposition, the second does not necessarily follow.

A statute does not operate retrospectively when it is made to apply to future transactions, merely because those transactions have relation to, and are founded upon antecedent events; or, as was said by Denman, Ch. J., in *Reg. v. Whitechapel*, 12 Q. B. 127, "because a part of the requisites for its action is drawn from time antecedent to its passing."

Acts relieving individuals from obligations to the Government or the public, in whole or in part, without affecting the vested rights of other persons; and similar acts mitigating the punishment for offenses; as well as acts relating to the administration of the Government; and generally those affecting the proceedings of courts apply with equal force to existing cases as to those which may arise in the future. In point of fact, it is well known that most of such acts are suggested by, if not passed expressly to meet, existing difficulties, hardships, or inconveniences. Such application is not retroactive in the sense in which that term is used in the canon of construction of statutes, that an act is to be held to operate prospectively only unless the contrary appears. The vested rights of individuals are not interfered with thereby, and only the inchoate rights of the Government and the public are modified. The legislative power may change or release obligations to the public at pleasure; and when an act is passed to relieve persons from what seems to be an unjust or harsh imposition under an existing law, it must generally be held to relieve all such impositions previously made and not then consummated, but which still remain to be executed or enforced.

A remedial statute must be construed liberally, so as to afford all the relief within the power of the court, which the language of the act indicates that the Legislature intended to grant. Courts will look into the occasion for the passage of such an act, and will consider the evils or wrongs which it seeks to remedy, their nature and extent, in order to determine how far it was intended that the act should reach, whether only to cases thereafter to arise, or to existing cases, or retrospectively to cases entirely passed and consummated. (*Stewart v. Kahn*, 11 Wall. 493; *People v. Supervisors, &c.*, 70 New York 228.)

The reason for a law is such an important element in its interpretation that Lord Coke well said, "Knowing for a certainty that the law is unknown to him that knoweth not the reason thereof." (*Coke on Littleton*; closing paragraph.)

The Act of March 3, 1879, now under consideration, was passed for the undoubted purpose of relieving depositors in National banks from the payment of certain taxes, not assessed upon them, but upon the banks of which they are only customers; taxes which, under the pre-existing law, they would indirectly be obliged to pay when a bank is so insolvent that all its capital is gone and it has nothing left with which to pay taxes, except the money of its depositors.

These semi-annual taxes are assessed against National banks in their corporate capacity, upon their capital and business, in consideration of the franchise and benefits which the Government grants to them, and for other reasons. They are expected to come out of the profits of the bank, and thus reducing the dividends of the stockholders, they are a tax upon the proprietors of the institutions. It was never intended thus to tax the customers and creditors of the banks. When, therefore, it was found that in case of insolvency of the bank and the loss of its entire capital, and its inability to pay its depositors in full from all its assets, an enforcement of the taxes would result in the taxation of the depositors, the customers, and creditors of the bank, this act to relieve them was passed.

No reason can be conceived why depositors of the then existing insolvent banks should not be thus relieved, as well as those of banks which should thereafter become insolvent. There is nothing in the act to require future depositors to do anything to prevent the recurrence of the same difficulty, or to protect themselves or the Government, and there was nothing which depositors in the then existing insolvent banks could have done to prevent the insolvency. Depositors of both classes were equally blameless, and this remedy would seem justly to apply equally to both, as we hold that it does.

The only remaining question is whether or not this tax had been paid before the passage of the Act of March 3, 1879, since, if payment had been

previously consummated, then a case did not exist to which the Act could apply. The language is that "no tax shall be assessed, collected, or paid into the Treasury of the United States on account of such bank which shall diminish the assets thereof necessary for the full payment of its depositors, and such tax shall be abated from such National banks as are found by the Comptroller of the Currency to be insolvent." Therefore, taxes which been assessed and previously *paid into the Treasury of the United States* were not abated by the Act.

All that had done towards payment of this tax was that the Treasurer of the United States, without the order or authority of the Comptroller of the Currency, and contrary to his express protest, undertook to charge it to the bank in the account of its money on deposit in the Public Treasury to the credit of the Comptroller, and to take a certificate of deposit from the Assistant Treasurer for the amount. That the Treasurer did not consider this to be final payment is clear from his letter to the Secretary, in which, transmitting the certificate, he expressly requests "that the amount be suspended and not covered into the Treasury for the present." The Comptroller added his request to that of the Treasurer, and in a letter to the Secretary he asked that "these various amounts be suspended and not covered into the Treasury until the question of payment of semi-annual duty by insolvent National banks shall be determined, either by the courts or by legislation now pending in Congress." The Secretary acceded to these requests, and wrote to the Comptroller of the Currency that the money would not be covered into the Treasury by warrant for the present.

Thus it seems to have been understood and agreed among those three officers—the Secretary of the Treasury, the Comptroller of the Currency, and the Treasurer—that the matter should be held in suspense and within their control until some future time. It was so held to a period several months after the passage of the statute referred to.

An act is not consummated where anything in relation to it remains to be done. It is not ordinarily necessary to the consummation of payment that money received by public officers in discharge of a debt to the Government should be formally "covered into the Treasury" by a covering-in warrant. But, in this case, where one public officer charged a sum of money in payment of a tax to the official trust account of another public officer, without his consent, took a certificate of deposit for it, and requested the Secretary to suspend covering it into the Treasury, and those three officers agreed that the matter should be suspended, we think that payment was not intended to be consummated until the act of formally covering the money into the Treasury was effected by the action of the Secretary. Until the money was thus covered into the public Treasury, it was within the control of the Secretary, who might have returned the certificate of deposit to the Treasurer, to be by him canceled and annulled.

The tax in question was then, at the time of the passage of the Act of March 3, 1879, a tax assessed (assuming the assessment to have been legal), but not paid, and so the statute by its express terms operated upon it to abate it. There was, therefore, nothing due on that account from the bank when the money which the claimant now sues for was covered into the Treasury, and as the defendants retain the claimant's money without right, he may recover in this action. Judgment will be entered in his favor for the sum of \$11,569.87.

---

EGYPTIAN SAVINGS BANKS.—Native Egyptians, whenever they save any money at all, are fond of burying it in the earth. Last August the Egyptian branch of the Imperial Ottoman Bank attempted to found a Savings-bank system, and started it by opening small banks in Cairo and Alexandria. It has just published a report of the results of the undertaking, from which it appears that the Alexandria bank has obtained fifty-two depositors and \$6,000 in money, and the bank at Cairo seventy depositors with deposits of \$11,000. Recently there was a large increase of business, and hope is strengthened that the plan will succeed.

## LEGAL MISCELLANY.

**BOND—CERTAINTY IN CONTRACT.**—An obligor in a bond pledged himself to be responsible for the payment of a note, setting out in said bond the names of the payer and payee, the amount and date of the note and for what it is given, when due and payable, and the rate of interest. *Held* (upon demurrer that no obligee is named), the payee is pointed out with sufficient certainty as the obligee with whom the contract is made. *Phelps v. Call*, 7 Ired. 252; *Green v. Thornton*, 4 Jones 230; *Shewell v. Knox*, 1 Dev. 404, cited, distinguished and approved. *Leach v. Fleming*. North Carolina Sup. Ct., 1881.

**GUARANTY—WHEN GUARANTOR LIABLE—NOTE SECURED BY DEED OF TRUST.**—A party guaranteed the payment of a promissory note and coupons before their delivery, the note running for five years, with interest, payable semi-annually, but containing a clause that if default should be made in the payment of principal or interest, or any part thereof, for the space of ten days, then, on the election of the holder, the whole note and all arrears of interest should become due, and the whole was declared due for default in the payment of interest, and the guarantor, who was also trustee in a deed of trust given to secure the note, was authorized to sell the mortgaged premises for the full amount of the debt, which he did, but struck the property off to the creditor without any authority to do so, the creditor refused to accept the deed made by the trustee, and assigned the note to the plaintiff, who brought suit in his own name upon the guaranty. *Held*, that the plaintiff was entitled to recover. *Ellsworth v. Harmon*. 101 Ill. 274.

**INDORSEMENT—NOTARIAL CERTIFICATE, OF WHAT EVIDENCE—NOTICE—PRESUMPTION.**—The words "after diligent search and inquiry to ascertain his whereabouts," contained in a notarial certificate of protest of a promissory note, are not admissible as evidence of such "diligent search and inquiry" having been made. Such clause in the protest refers to matters collateral and independent of the presentation and refusal of payment, and is a conclusion of law which the notary could not legally draw or establish by his own testimony. But if it were unnecessary for the notary to make any search or inquiry for the residence of the indorser, the admission of said clause as evidence will be no ground for a reversal. The law does not require actual notice, to the indorser, of the demand of payment and refusal by the maker, but due diligence to give notice. See *Whiteford v. Buckmyer*, 1 Gill 127; *Graham v. Sangston*, 1 Md. 66; *Weams v. Farmers' Bank*, 15 id. 239; *Story Prom. Not.* (6th ed.), § 344; *Baker v. Morris*, 25 Barb. 138; *Walters v. Brown*, 15 Md. 285; *Bell v. Hagerstown Bank*, 7 Gill 223; *Whitridge v. Rider*, 22 Md. 548; *Bank of Columbia v. Lawrence*, 1 Pet. 578; *Bank of U. S. v. Carneal*, 2 id. 543. In an action against the indorser of a promissory note, it appeared that he was a resident of the city of Baltimore (the place of the execution and date of the note), at the time of its execution and date and continued to reside there some time afterward, and retained his sign at his place of business, and his name in the city directory. *Held*, that in the absence of proof of knowledge to the contrary on the part of the holders, he might reasonably have been presumed by the notary to be still a resident of the city, and treated as such in giving him notice. *Rier v. Straus*, 54 Md. 278.

**NEGOTIABLE INSTRUMENT—PROMISSORY NOTE—PAROL EVIDENCE—PLEDGE—POWERS OF PLEDGEE.**—(1) Parol evidence is admissible for the purposes of showing that a note transferred by indorsement and delivery was intended to be held by the transferee not absolutely, but only as collateral security. (2) The pledgee of a promissory note has no right to surrender it to the maker without payment, or to dispose of it otherwise than by a fair sale. If he cannot collect it, he must return it to the pledgor. If he surrenders it, he will be chargeable with its full amount; so, too, if he makes use of it in any transaction of his own. *Johnson v. Huston*, 17 Mo. 59; *Lewis v. Dunlap*, 72 id. 174. *Wood v. Matthews*, 73 Mo.

## CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

The Executive Council have decided that the Annual Convention shall be held at Saratoga, N. Y., on the 16th and 17th August next. The more prominent general objects of this Association are to give authentic accurate information on banking questions, so as to promote sound financial legislation in Congress and the State Legislatures. These objects have been diligently pursued for several successive years as judiciously as possible, and to its efforts may be at least in part attributed the gratifying change in the popular feeling towards the banks and the more general appreciation of the merits of our banking system, which have been developing for some time past, and are now more conspicuous than ever before in the movements of public opinion and the general course of financial discussion in and out of Congress. These and other conservative indications of growing financial intelligence will claim special notice at the Convention; as will also the exportation of the precious metals; the condition of the crops and of the foreign exchanges; the expansion of our credit system; and the more recent facts which have been cited for and against the opinion that a reaction is approaching from the commercial prosperity of the past five years, and that a revulsion may be looked for. A report on bank taxation will be laid before the Convention, showing what has been done and is doing to relieve the banking business from the mischievous, unjust and oppressive part of its fiscal burdens.

The Executive Council have not yet matured their arrangements for the general business of the Convention, and more complete details will be hereafter announced as to the topics on which addresses will be prepared. Among such subjects are the expedients for extending the usefulness of this Association, the comparative changes of the monetary situation during the year, the defects of our banking system and their remedies, the later aspects of the currency and silver questions, the recent and prospective demand in the foreign markets for American securities, the growth of industrial enterprise and productive power with its dangers, the fluctuations of the past decade in the money market with their chief causes and results, the flow of capital from Europe and the recent and prospective changes in its methods of investment, the industrial improvement of the West and South, the financial and banking movements which are producing such widely different rates of progress in various sections of the country, and the influence of railroads and telegraphic facilities on the direction of commercial and banking development here and abroad. The usual reports and statistical documents will also be invited on various financial topics, among which are the progress of recent bank legislation in our State Legislatures, the best guarantees of fidelity in fiduciary officials, the banking aspects of the augmenting through-trade between the West and Europe, the growth of the Clearing-house system in this country and abroad, the importance of ample cash reserves and of publicity in the accounts of our banks, the history and development of banking in the United States, in England, and on the Continent of Europe.

Resolutions and papers for the Convention should be sent to the office of the Association prior to Saturday, 8th July.

---

**GOLD CERTIFICATE BILL.**—The bill introduced by Mr. Dingley in relation to gold certificates provides for the acceptance by the Treasurer or Assistant Treasurer of the United States of the gold coin and bullion issue of certificates of not less than \$10, for the payment of which said coin or bullion is to be retained in the Treasury; and said certificates to be receivable for customs and taxes, and also considered as a National-bank reserve.

## BANKING AND FINANCIAL ITEMS.

**CALL FOR BONDS.**—The bonds included in the 114th call are as follows, and the principal and accrued interest will be paid at the Treasury, in Washington, on and after the 1st day of August, 1882, and the interest will cease on that day: Registered bonds of the act of March 3d, 1863, continued during the pleasure of the Government under the terms of circular No. 42, dated April 11, 1881, to bear interest at the rate of  $3\frac{1}{2}$  per cent. per annum from July 1, 1881, as follows: \$50, No. 748 to No. 800; \$100, No. 5238 to No. 5500; \$500, No. 3360 to No. 3600; \$1000, No. 17,156 to No. 19,000; \$5000, No. 6075 to No. 6400; \$10,000, No. 10,441 to No. 12,500. Total, \$15,000,000. Many of the bonds originally included in the above numbers have been transferred and cancelled, leaving outstanding the amount above stated. The six months' interest due July 1, 1882, on the above-described bonds will be paid, as heretofore, by checks sent to the address of the payees, and the interest from that date to August 1, 1882, will be paid with the principal when the bonds are redeemed.

**MUTILATED GREENBACK.**—First Comptroller Lawrence has decided that the finder of a mutilated greenback is not entitled to have it redeemed, and that the United States Treasurer should hold it subject to the right of the proper owner, but if none such should appear the note should be held subject to the control of Congress.

**EXCHANGING TENNESSEE BONDS.**—The work of exchanging the old Tennessee bonds for the new ones issued under the recent Refunding Act has begun in this city, under the direction of the Refunding Board, composed of the executive officials of that State.

**MECHANICS' BANK OF NEWARK.**—The Mechanics' Bank, of Newark, is paying off its old depositors in full for all deposits of \$200 and under, and at the rate of seventy-five per cent. for all sums above that amount due individual depositors. The total amount to be paid by the Directors is \$720,000.

**NEW YORK USURY LAW.**—The Assembly of New York has passed a bill amending the usury laws, as follows:

"SECTION 1.—The taking, receiving, reserving, or charging a rate of interest greater than is allowed by law, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bond, bill, contract, conveyance, or other evidence of debt carries with it or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back in an action in the nature of an action for debt twice the amount of the interest thus paid from the person, private banker, corporation, or association taking or receiving the same; provided such action is commenced within two years from the time the usurious transaction occurred.

"SEC. 2.—Sections 3, 4, and '5 of chapter 4 of title 3 of part 2 of the Revised Statutes, entitled 'Of the interest of money,' and all laws inconsistent with this act are hereby repealed."

**NEW STOCK AND BONDS LISTED.**—Since January 1, 1882, says the Wall Street News, \$72,050,000 new stock and \$80,956,500 new bonds have been listed at the New York Stock Exchange.

**GOLD BARS.**—Gold bars will hereafter be shipped to England instead of double eagles, as the latter are reported to be at a discount in London.



**REMOVAL.**—The Seventh Ward National Bank has removed from its old location to the corner of Broadway and John street, a change which will doubtless be much to the advantage of its business. The officers are George Montague, President, and John D. W. Grady, Cashier.

**A HISTORIC BUILDING.**—The Penn National Bank has purchased for \$80,000 the old brick building at the southwest corner of Seventh and Market Streets in which it has so long been held that Jefferson wrote the Declaration of Independence. The old building will be torn down and a bank structure erected on its site.

**COTTON SPECULATION.**—An interesting point for Mr. Boyd's Committee on "Corners" has been recently furnished by an English statistician in regard to "future" sales of cotton. This writer states that although the total cotton production of the world is about 7,000,000 bales, the annual contracts for delivery in the American, English, and Continental markets cover the enormous total of 80,000,000 bales, valued at nearly 5000 millions of dollars. The system is nothing more or less than an adroit method practised by comparatively a very few persons of taxing the whole community, as there cannot be a doubt that these paper contracts sustained during the whole year have the effect of maintaining prices far above their natural level.

**RAILROAD APPRAISEMENT IN VERMONT.**—The State Board of Listers in Vermont, appointed to appraise the railroad beds, have made a majority and a minority report of the value per mile. The majority report makes an arbitrary appraisal based on the mileage earnings. The Passumpsic earned in the last year \$2154 per mile, and is appraised at \$5000 per mile; the Vermont Valley earned \$1789, and is appraised at \$4000; the Rutland and Western, earning \$2191 per mile, is appraised at \$5000 per mile. The minority report holds that the value of the road per mile was equal to a sum of which the net earnings would be the interest. He called the rolling stock equal to one-half the value of the road. The minority report is generally considered the more just.

**MASSACHUSETTS SAVINGS-BANK INVESTMENTS.**—The Savings-Bank Bill which was enacted by the last Legislature of that State provides that Savings banks, in addition to present investments allowed by law, may invest their deposits in the legally authorized bonds of the States of Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin, and Iowa, and of the District of Columbia, and in the legally authorized bonds, for municipal purposes, of any city in the aforesaid States, and in the State of New York, which has at the date of such investment more than 50,000 inhabitants, and whose net indebtedness does not exceed five per cent. of the valuation of the taxable property therein, to be ascertained by the last preceding valuation of property therein for the assessment of taxes.

**PERSONAL.**—The oldest bank president in Boston, in years of service, is James W. Converse, who has been at the head of the Mechanics' Bank ever since its organization, forty-six years ago. Alvan Simonds has been cashier of the bank during the same period.

**MONETARY CONFERENCE.**—The *Fremdenblatt*, a semi-official organ, says that the International Monetary Conference has been again postponed from the coming autumn until April, 1883.

**HEAVY EMBEZZLEMENT.**—Mr. Obey Owen, the Receiving Teller of the Third National Bank of St. Louis, was arrested June 22d on the charge of having embezzled funds of the bank, which the warrant sworn out this morning by President Thomas E. Tutt places at \$100,000. Mr. Tutt also filed an attachment suit in the civil courts against property owned by Owen to the amount of \$70,000. Owen's bond is for \$30,000 and the sureties are responsible parties, so that the loss to the bank will after all not be great. Owen was a silent partner in the commission firm of Obey Owen & Co., in which his

father was the active partner, and it is presumed that the money was lost through this firm. Owen's father, however, states positively this morning that the money was not used by the firm. Owen confesses that his defalcations have extended over ten years.

**INSANITY THE RESULT OF MONEY-GETTING.**—Henry Maudsley, the great English authority on the mind and its diseases, says that insanity is the almost inevitable result of exclusive devotion to money-getting. It may not show itself in the first generation, but it is almost sure to break out in the second.

**ENGLISH GOLD COINAGE.**—The next issue of gold coinage from the Mint will bear the impress of Her Majesty from a new die. This is the second die only which has been taken during the reign of Queen Victoria. It represents the features of the Queen as she is seen at present, and depicts her wearing the imperial crown.

**GLASGOW BANK.**—One of the former Directors of the City of Glasgow Bank, James Nicol Fleming, has been accused of embezzlement of the bank's funds and committed for trial. The sum in question is declared to be nearly £5,000,000. The most recent statement of the affairs of the bank modifies somewhat the one which was put forth just previous to it. That statement gave the assets as \$7,540,000, and the liabilities as \$6,690,000, thus showing a surplus of about \$850,000. But it is found that the estimate of \$4,000,000 in New Zealand stock, which formed a considerable part of the assets, was too high, being based on eighty per cent. for the preferred and sixty for the ordinary. It is now said that, in order to effect a sale of this stock, the price of the ordinary, at all events, would require to be much reduced.

**THE THREE GREATEST IMPORTING CITIES.**—The three great ports of the world are London, Liverpool, and New York. During 1880 they reached their highest trade figures, the imports being at London about \$700,000,000, Liverpool \$600,000,000, and New York \$539,000,000.

**DIVIDENDS ON SUEZ CANAL STOCK.**—At the annual meeting of the Suez Canal shareholders, M. De Lesseps announced a dividend of about \$8 per share, while in 1879 the dividend was but \$1. During last year 2727 vessels passed through the canal. In the previous year 2026, and in 1879 1447 vessels availed themselves of the canal route. The net profit on the traffic was within a fraction of \$5,000,000.

**RUSSIAN EXPORTS AND IMPORTS OF GOLD, 1875-1881.**—Upon the authority of the Russian Customs Department, the London *Economist* states the commercial movement of gold to and from Russia for the seven years past, as follows:

	<i>Imports. Roubles.</i>		<i>Exports. Roubles.</i>
1875.....	5,800,000	....	27,500,000
1876.....	4,700,000	....	102,700,000
1877.....	10,200,000	....	18,600,000
1878..	15,900,000	....	13,300,000
1879.....	13,900,000	....	8,900,000
1880.....	11,400,000	....	26,300,000
1881.....	6,800,000	....	67,800,000
Total.....	68,700,000	....	265,100,000
Deduct imports.....			68,700,000
Excess of exports.....			196,400,000
Value in our currency.....			\$146,907,200

Or an annual average of \$20,943,885. In this connection it is noteworthy, that an Italian journal has recently stated that of the 230 to 240 millions of *liras* in gold which have been supplied already by the contractors under the gold loan, as much as seventy per cent. are of Russian coinage, with no French gold money—and Germany supplying the most next to Russia.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from June No., page 965.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2711	Commercial National Bank..... Pittsburgh, PENN.	Martin W. Rankin, John D. Fraser.	\$ 200,000
2712	First National Bank..... McConnellsville, OHIO.	Arza Alderman, Richard Stanton,	100,000
2713	First National Bank..... Kirksville, Mo.	Edwin Darrow, William T. Baird.	50,000
2714	First National Bank..... Ann Arbor, MICH.	Philip Bach, J. W. Knight, Actg.	100,000
2715	First National Bank..... Milwaukee, WIS.	H. H. Camp, F. G. Bigelow.	200,000
2716	Second National Bank..... Akron, OHIO.	George D. Bates, Albert N. Sanford.	100,000
2717	First National Bank..... Lafayette, IND.	Martin L. Peirce, Hiram W. Moore.	200,000
2718	Citizens' National Bank..... Oberlin, OHIO.	Montraville Stone, Charles H. Randall.	60,000
2719	First National Bank..... Geneva, OHIO.	H. S. Munger, W. H. Munger.	50,000
2720	Clarksville National Bank..... Clarksville, TENN.	H. C. Merritt, A. Howell.	50,000
2721	First National Bank..... Stuart, IOWA.	Charles E. Bates, Albert P. Clampet.	50,000
2722	Farmers and Traders' Nat'l B'k.. Covington, KY.	James S. Wayne, John L. Sandford.	300,000
2723	Citizens' National Bank..... Weatherford, TEXAS.	J. R. Coutts, A. R. Andrews.	50,000
2724	First National Bank..... Blair, NEB.	John H. Hungate, T. B. Crewitt.	50,000
2725	Second National Bank..... Beloit, WIS.	Charles H. Parker, Frank H. Starkweather.	50,000
2726	German National Bank..... Newport, KY.	Samuel Shaw, Waller Overton.	100,000
2727	First National Bank..... Troy, OHIO.	Henry W. Allen, Daniel W. Smith.	200,000
2728	First National Bank..... Le Mars, IOWA.	P. F. Dalton, J. W. Myers.	75,000
2729	First National Bank..... McKinney, TEXAS.	Francis Emerson, Thomas H. Emerson.	50,000
2730	Third National Bank..... Cincinnati, OHIO.	J. D. Hearne, Ammi Baldwin.	1,600,000
2731	First National Bank..... Philadelphia, PENN.	George Philler, Morton McMichael, Jr.	1,000,000
2732	Merchants' National Bank..... Helena, MONT.	Lewis H. Hershfield, Aaron Hershfield.	150,000
2733	First National Bank..... Lyons, IOWA.	Oliver McMahan, David Joyce.	100,000
2734	First National Bank..... Cambridge City, IND.	Linville Ferguson, John Jackson.	100,000
2735	First National Bank..... Belton, TEXAS.	B. N. Boren, .....	50,000
2736	First National Bank..... Wilkesbarre, PENN.	Charles Parrish, James L. McLean.	375,000

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2737	First National Bank..... Roanoke, Va.	David E. Spence, Peter J. Otey.	50,000
2738	First National Bank..... Iowa City, IOWA.	D. W. C. Clapp, J. B. Haddock.	100,000
2739	First National Bank..... Johnstown, PENN.	D. J. Morrell, Howard J. Roberts.	100,000
2740	Catlettsburg National Bank..... Catlettsburg, Ky.	A. C. Campbell, .....	50,000
2741	First National Bank..... Nashua, N. H.	George A. Ramsdell, John A. Spaulding.	100,000

## CHANGES OF PRESIDENT AND CASHIER.

( *Monthly List, continued from June No., page 968.* )

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY. Fourth National B'k. {	Henry Buckhout, <i>Cas.</i> ....	A. Lane.
" .. Wall Street National Bank....	C. H. Patterson, <i>A. C.</i> ....	H. Buckhout.
COL.... First National Bank, {	John P. Dickinson, <i>Cas.</i> ..	M. F. Reading.
Colorado Springs. {	Matthew Kennedy, <i>Cas.</i> ..	J. F. Humphrey.
" .. First National Bank, Leadville.	P. J. Sours, <i>Cas.</i> .....	S. N. Dwight.
GA.... Commercial Bank, Augusta...	John A. North, <i>Pr.</i> .....	W. T. Wheelless.
IOWA.... Council Bluffs Savings Bank.	Charles E. Dix, <i>Cas.</i> ....	A. W. Street.
" .. First National Bank, Lyons....	David Joyce, <i>Cas.</i> .....	W. Holmes.
KY.... First Nat'l Bank, Carrollton...	J. M. Giltner, <i>Cas.</i> .....	J. E. Barnett.
MASS.... Suffolk National Bank, Boston.	A. L. Edmands, <i>Pr.</i> ....	D. R. Whitney.
MONT... First Nat'l Bank, Fort Benton.	Joseph A. Hyde, <i>Cas.</i> ....	.....
N. H.... Mechanics' Sav. B'k, Nashua...	J. W. White, <i>Tr.</i> .....	E. B. Hammond.
N. J.... First National Bank, Paterson.	A. Fardon, <i>Cas.</i> .....	J. Swinburne.
N. Y.... National B'k of Fayetteville. {	Byron R. Palmer, <i>Pr.</i> ....	H. Eaton.*
" .. Flour City National Bank, {	Levi Snell, <i>V. P.</i> .....	H. Wood.
Rochester. {	Patrick Barry, <i>Pr.</i> .....	F. Gorton.
" .. C. B. Woodworth, <i>V. P.</i> P. Barry.		
OHIO.... Morrow County Nat'l B'k, {	M. B. Talmage, <i>Pr.</i> .....	W. H. Marvin.
Mount Gilead. {	W. W. McCracken, <i>Cas.</i> ..	M. B. Talmage.
" .. First National Bank, Xenia....	J. W. Nichols, <i>Cas.</i> .....	A. Trader.
PENN... Farmers and Mechanics' {	Samuel W. Bell, <i>V. P.</i> ..	.....
Nat'l B'k, Philadelphia. {	Henry C. Stroup, <i>Cas.</i> ....	S. W. Bell.
" .. American Bank, Pittsburgh. {	Willie Rushton, <i>A. C.</i> ....	J. W. Mason.
" .. Miners' National Bank, {	William Floyd, <i>Pr.</i> .....	.....
Pottsville. {	Thomas Floyd, <i>Cas.</i> ....	W. Floyd.
" .. William L. Whitney, <i>Pr.</i> J. Shippen.		
" .. William Thompson, <i>Cas.</i> W. L. Whitney.		
R. I.... Atlantic Bank, Providence....	H. S. Mansfield, <i>Cas.</i> ....	C. M. Stone.
TEXAS... Traders' National Bank, {	Henry C. Edrington, <i>Cas.</i> ..	.....
Fort Worth. {		
VT.... National Bank of Newport....	Elisha Lane, <i>Pr.</i> .....	L. Robinson.*
VA.... Nat'l Bank of Fredericksburg.	John A. Taylor, <i>Cas.</i> ....	J. M. Wallace.*
Wis.... First National Bank, {	H. H. Camp, <i>Pr.</i> .....	E. H. Brodhead.
Milwaukee. {	F. G. Bigelow, <i>Cas.</i> ....	H. H. Camp.

\* Deceased.

MR. D. P. FACKLER—Actuary in Life Insurance matters and Auditor for Corporations—has removed to 20 Nassau Street.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from June No., page 968.)*

NEW YORK CITY	.....	Seventh Ward National Bank; removed to 184 Broadway.
"	"	United States National Bank; surplus, July 1, \$100,000.
"	"	Bouvier & Amory; dissolved.
"	"	Cecil, Zimmerman & Co.; dissolved.
"	"	Collis, Davis & Levy; dissolved.
"	"	Howes & Co.; admit H. H. Landon.
"	"	William B. Meeker & Co.; assigned to William P. Dixon.
"	"	B. Neumoegen & Co.; admit Thomas McNulty. Alex. Levin withdraws.
"	"	F. W. Savin; now Savin & Vanderhoff.
"	"	J. & W. Seligman & Co. Removed to 21 Broad Street.
CAL.	San Francisco	Union Trust Co.; closed.
CONN.	Hartford	Connecticut Trust & Safe Deposit Co.; surplus now \$50,000.
"	"	United States Trust Co.; now United States Bank; same management.
"	New London	National Union Bank; now Union Bank.
ILL.	Chicago	Hide & Leather National Bank; surplus, July 1, \$50,000; undivided profits, \$13,000.
IND	Cambridge City	First National Bank (70); now 2734. Same Cashier and capital.
"	Lafayette	First National Bank (23); now 2717; \$200,000. Same officers.
"	Valparaiso	First National Bank of Valparaiso (105); now First National Bank of Porter County (2704). Same Cashier and New York Correspondent.
IOWA	Atlantic	Bank of Atlantic; surplus \$25,000.
"	Le Mars	Plymouth County Bank; now First National Bank; \$75,000. Same officers.
"	Lyons	First National Bank (66); now 2733. Same officers and capital.
"	Osceola	Clarke County Bank; capital increased to \$100,000; surplus \$100,000.
KANSAS	Spring Hill	Corn Exchange Bank (J. C. Rogers & Co.); closing.
KY.	Louisville	Falls City Tobacco Bank; charter extended for thirty years as Falls City Bank.
"	Maysville	Bank of Maysville; paid capital \$100,000; surplus \$35,000.
MASS.	Boston	National Bank of Brighton; closing.
"	"	C. H. Venner & Co.; Charles A. Vialle retires.
"	Lancaster	Lancaster National Bank; removed to Clinton.
MICH.	Detroit	First National Bank; (97); reorganized June 19 as 2707. Emory Wendell, <i>Pr.</i> Lorenzo E. Clark, <i>Cas.</i>
"	Ann Arbor	First National Bank (22); reorganized June 1 as 2714. Same officers and capital.
"	Nashville	Barry, Everts & Co.; now Barry & Downing.
MO.	St. Louis	German American Bank; admitted to Clearing House.
"	Kirksville	Exchange Bank; now First National Bank. Edwin Darrow, <i>Pr.</i> William T. Baird, <i>Cas.</i> \$50,000.
"	Slater	Bank of Slater (Joseph Field & Co.); now D. W. Reed, <i>Pr.</i> Ben. H. Wilson, <i>Cas.</i>
MONT.	Helena	L. H. Hershfield & Bro.; now Merchants' National Bank. \$150,000. Same management.
NEB.	Blair	Hungate & Crowell; now First National Bank. John H. Hungate, <i>Pr.</i> T. B. Crewitt, <i>Cas.</i> \$50,000.
N. H.	Nashua	First National Bank (84); reorganized June 26 as 2741. Same officers and capital.

- OHIO... Cincinnati.... Third National Bank (20); reorganized as 2730. Same officers. \$1,600,000.
- .. Akron..... Second National Bank (40); reorganized June 1 as 2716. Same officers and capital.
  - .. Geneva..... First National Bank (153); reorganized June 1 as 2719. \$50,000.. Same officers.
  - .. McConnellsville First National Bank (46); reorganized May 31 as 2712. Same officers and capital.
  - .. Mount Gilead.. Morrow County National Bank.; surplus \$1,600.
  - .. Oberlin..... First National Bank (72); reorganized as 2718. Montraville Stowe, *Pr.* Same Cashier. \$60,000.
  - .. Troy ..... First National Bank (59); reorganized as 2727. Same officers and capital.
- PENN... Philadelphia... First National Bank (1); reorganized June 14 as 2731. Same officers and capital.
- .. Bradford ..... First National Bank; surplus, May 26, \$50,000.
  - .. Johnstown.... First National Bank (51); reorganized June 24 as 2739. Same officers and capital.
  - .. Pittsburgh.... Shoe & Leather Bank; now Commercial National Bank. Same Cashier.
  - .. Wilkesbarre.... First National Bank (30); reorganized June 21 as 2736. Same officers and capital.
- R. I.... Providence.... Pawtuxet Bank; winding up.
- TENN... Clarksville.... Bank of Clarksville; now Clarksville National Bank. Same officers. \$50,000.
- TEXAS.. Austin..... Forster & Hannig; dissolved. Hannig settles and continues.
- .. McKinney..... F. Emerson & Co.; now First National Bank. Same management. \$50,000.
  - .. Weatherford... Henry Warren & Co.; succeeded June 10 by Citizens' National Bank.
- VA..... Richmond.... Bank of Commerce; suspended.
- Wis... Green Bay.... Kellogg National Bank; surplus and undivided profits, May 19, \$23,105.
- .. Milwaukee.... First National Bank (64); reorganized June 1 as 2715. H. H. Camp, *Pr.* F. G. Bigelow, *Cas.* \$200,000.
  - .. Sturgeon Bay... Shimmel & Kozishek; out of banking business.
- PR. ONT Ailsa Craig.... Hey & Jones; Jones retires; Hey continues. Style same.
- P. E. I. Charlottetown. Bank of Prince Edward Island; in liquidation.

---

**A BANK'S LIABILITY FOR MISTAKES.**—The case of Whiting and others against the City Bank of Rochester, decided by the Court of Appeals, is of especial interest to bankers. A note for \$3000, made by one Underhill, a depositor at the City Bank, was sent there for collection. Underhill's account was not good, but by a mistake of the clerk the note, on the day it came due, was put in the pile of notes due that were good, instead of the pile of those that were not. The Teller finding it there remitted the amount of the note to the New York bank which had sent it on for collection. This was on July 3. July 4 was Sunday and July 5 a holiday. On the next day, Tuesday, it was discovered that Underhill's account was not good. Thereupon the Teller stopped payment of the draft he had sent, protested Underhill's note and served notice of protest on the indorser who was responsible. Messrs. Whiting & Co., merchants of this city, the owners of the note, sued the bank, claiming that it had discharged the indorser, and had by its acts paid the note and should send them the proceeds. On the first trial the plaintiff was non-suited. This was reversed by the Court of Appeals (77 N. Y. 366.) On the second trial it was submitted to the jury to say whether the note was paid by mistake of the bank's clerk. The jury found for the bank on this question, and the Court of Appeals now hold, in affirming the judgment below, that it being a mistake, the bank could correct it, and if the note was protested on the next business day, the indorser was held.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 964.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
DAKOTA	Ellendale.....	Dickey County Bank.....	.....
		Wm. H. Becker, <i>Pr.</i>	C. R. Vallette, <i>Cas.</i>
"	.. Rapid City....	H. G. Hall & Sons.....	First National Bank.
ILL.	Colfax.....	J. W. Arnold & Co.....	National Park Bank.
IOWA..	Council Bluffs.	Citizens' Bank.....	National Park Bank.
	\$ 75,000	J. D. Edmundson, <i>Pr.</i>	Anthony W. Street, <i>Cas.</i>
"	.. Stuart.....	First National Bank.....	.....
	\$ 50,000	Charles E. Bates, <i>Pr.</i>	Albert B. Clampet, <i>Cas.</i>
KANSAS.	Bull City.....	Bull City Bank (Loomis & Robinson.)	Nat'l Park Bank.
"	.. Hartford.....	Hartford Bank.....	Donnell, Lawson & Simpson.
		Adam Wenger, <i>Pr.</i>	R. T. Snediker, <i>Cas.</i>
"	.. Sterling.....	Sterling City Bank.....	.....
"	.. Stockton.....	Rooks County Bank.....	.....
"	.. Strong City....	Strong City Bank.....	Donnell, Lawson & Simpson.
KY.....	Catlettsburgh..	Catlettsburgh Nat'l B'k... \$ 50,000	A. C. Campbell, <i>Pr.</i>
"	.. Covington....	Farmers' & Traders' N. B. \$ 300,000	James S. Wayne, <i>Pr.</i> John L. Sandford, <i>Cas.</i>
"	.. Newport.....	German National Bank... \$ 100,000	Samuel Shaw, <i>Pr.</i> Waller Overton, <i>Cas.</i>
MICH..	Montague.....	Muskegon County Bank..	Imp. & Tra. National Bank.
		Henry H. Terwilliger, <i>Cas.</i>	
MO.....	Bolckow.....	Bolckow Savings Bank... \$ 10,000	Donnell, Lawson & Simpson.
"	.. Kearney.....	Kearney Bank.....	E. L. Ward, <i>Cas.</i>
		— Majors, <i>Cas.</i>	Bank of North America.
NEB....	Firth.....	Firth B'k (J. W. Worl & Co.	Donnell, Lawson & Simpson.
"	.. Hooper.....	Lyman & Heimrich.....	Gilman, Son & Co.
"	.. Wahoo.....	Citizens' Bank (Williams, Lyle & Marsh.)	Kountze Brothers.
OHIO..	Greenleaf..	Commercial Bank.....	United States National Bank.
		John Fullerton, <i>Pr.</i>	C. W. Price, <i>Cas.</i>
PENN..	Philadelphia...	Columb. Loan Asso. & Sav. Fund.	Am. Exch. in Europe.
		Charles Phillips, <i>Pr.</i>	John W. Steward, <i>Cas.</i>
TEXAS..	Belton.....	First National Bank.....	.....
	\$ 50,000	B. N. Boren, <i>Pr.</i>	.....
"	.. Dublin.....	J. D. Berry & Co.....	.....
VA.....	Roanoke.....	First National Bank.....	.....
	\$ 50,000	David E. Spence, <i>Pr.</i>	Peter J. Otey, <i>Cas.</i>
WIS....	Beloit.....	Second National Bank... \$ 50,000	Irving National Bank.
		Charles H. Parker, <i>Pr.</i>	Frank H. Starkweather, <i>Cas.</i>

BLANK INDORSEMENT—CONSTRUCTION—EVIDENCE.—The contract entered into by a blank indorsement of a promissory note will receive such a construction as will give effect to the intention of the parties, and parol evidence will be admitted to show and explain what liabilities were intended to be assumed at the time of the transaction. *Owings v. Baker*, 54 Md.

A third party who places his name on the back of a note before it is indorsed by the payee, may avoid the liability of a joint promisor which the law, in the absence of proof to the contrary, attaches to such an indorsement, by proving a different understanding of all the parties at the time of the transaction. But an agreement to such effect between the drawer and a blank indorser alone, without the assent of the payee, will not suffice. *Id.*

## NOTES ON THE MONEY MARKET.

NEW YORK, JUNE 30, 1882.

*Exchange on London at sixty days' sight, gold 4.85%.*

The second half of the year opens with a brighter outlook for the country than existed six months ago. First of all there are many indications of abundant crops. The winter crop of wheat is already assured, and that sowed later promises well. It is confidently predicted that the wheat crop will not fall much, if any, behind the figures of the most abundant years. Corn is somewhat backward in many places, but is gaining, and the indications are that this year's production will be very large.

These indications are of great moment. Heavy crops mean lower prices, larger exports, a falling off in the price of meats, cheaper living, more business for railroads, larger dividends, advance in the price of stocks, a cessation of gold exports, and many other things.

During the last few months business and prospects have been growing darker in consequence mainly of the falling off in our exports. As imports increased instead of declined, this necessitated a shipment of gold to liquidate the balance. Sometimes when this has been against us, the liquidation has been effected by sending our securities; but for the past few months the prices of these have been drooping so badly that foreign investors were not inclined to buy. No one could with reason criticise their course, for why should they invest so long as the tendency of the stock market was downward? But what caused the decline? Very plainly the falling off in the amount of transportation was one of the principal causes. It is true that prices had been advanced too far, and probably a reaction would have occurred in any event, but this was hastened and intensified by the decline in business, which was directly owing to the smaller grain production.

The increased production of this year, therefore, will sooner or later have the opposite effect. It may not come very soon, nor will the advance be necessarily rapid. Two or three attempts have been made to advance prices of late, which have not been successful; and it is evident enough that the public are not yet ready to buy. They have not recovered from the demoralization caused by the decline of the last twelve months. The truth is, the losses have been enormous. They have been widely distributed and hence there are fewer failures, and the extent and consequences of the decline are not so obvious. But with a shrinkage from thirty to sixty per cent. of the stock list means an enormous loss and much suffering, especially to those who had made their purchases on borrowed money. Many of them, therefore, have not the means to buy, if they would; others have not recovered from their fright and are not ready to enter with a stout heart on a bull campaign.



Another serious consequence of last year's short crop was a marked change in our export account. We are still sending gold abroad in large quantities. The *Tribune* says, that "the remarkable increase of reserves in the great foreign banks makes it questionable whether much more gold will be drawn from this country for any purpose." We do not see the force of this semi-prediction. If we owe a debt abroad and debtors will neither wait for their money nor take our securities, nor our silver, and we have no breadstuffs nor provisions to send them, what reason have we to believe they will not take our gold? The great foreign banks are not our creditors, and if they were, was there ever a time when they refused to take gold? Have we not been trying to increase our supply for several years; have not other nations been doing the same; and will they not continue to add to their accumulations as long as they can? It is true that with the prospect of a better harvest, the price of securities may advance, and the expectation of making a larger gain by purchasing these, and by buying our agricultural products, may lead our creditors to take these things instead of gold. But this change is not likely to come very soon; and when it does, the foreign banks will not be the prime movers but our foreign creditors.

An abundant harvest also signifies lower prices for meats. These have been greatly advanced within a few months owing to the dearth of corn. Other causes have also conspired to the same end, especially the foreign demand, but the short corn crop is the main factor. A reduction of these prices will be gladly welcomed, for it will improve the condition of millions of people.

It may be noted in passing, that while there has a very considerable decline in business since last year, it has by no means been so large as the Clearing-House returns indicate. Of course, these returns include all speculative as well as business transactions. Now, heavy as the decline in these latter may be, they are not in proportion to the falling off in speculative ventures. But the Clearing-House returns tell the story without explanations, and consequently convey an incorrect impression of the condition of real business. The decline in speculation is a thing over which no one will sigh except the brokers who wax fat on their commissions. They suffer, but the public are the gainers. Business is in a healthier state for the destruction of a few, at least, of the rank weeds of speculation.

Notwithstanding the export of gold, the banks in the large eastern cities continue to strengthen their reserves. The gain comes not so much from the Treasury as from the interior. This is the time when greater accumulations are needed for the demands of the autumn. Last year the banks in New York gained \$29,000,000 from April 1 to July 15, and accumulated a surplus reserve of \$11,200,000. In 1880 the banks gained \$27,600,000 from April 17 to July 17, and accumulated a reserve of \$18,400,000. The year previous the banks gained over \$23,000,000 from April 5 to August 2, their surplus reaching its maximum July 9. But, as the *Boston Advertiser* has remarked, comfort ought to be drawn from the thought that the West will need less of our money than ever before for the movement of its crops. A few years ago the South and West began to draw heavily about this time of the year on Eastern banks and capitalists. This year no

such heavy demands are expected, the South and the West being fairly supplied with currency for all seasonable purposes. Hence the condition of New York and Boston banks, which would have been slightly alarming in former seasons, is quite satisfactory, their funds being sufficient for home purposes, while the South and West do not look to New York and Boston, but to the rising centers of finance in the South and West. But every dollar will find full employment, and capital generally may well expect to recover from the melancholy condition which is about to become a matter of the past.

The banking interests of the country during the month have been closely watching the fate of the bill extending the charters of the National banks, which passed the House previous to our last issue. The Senate considered the measure in due time, and though debating it less elaborately than the House, amended it rigorously. The House debate was perhaps the ablest which has occurred this session, yet the bill as finally passed contained several very objectionable features. These for the most part were lopped off in the Senate, but others were engrafted which will serve no useful purpose. Many of the Senate amendments have been accepted by the House; but, at the time of writing this account it is impossible to predict what will be the final action of the two Houses on the measure. One thing, however, is certain—a bill of some kind will be passed which will be accepted by the banks, and thus they will begin a new period of twenty years' existence. The first United States Bank was chartered for twenty years, and its renewal was defeated by a single vote in each branch of Congress. The second United States Bank was rechartered by both Houses, but vetoed by President Jackson, and enough votes could not be procured to pass the bill notwithstanding his veto. So the bank was doomed after a twenty years' existence. The present National banking system is to have a longer life. It has served a splendid purpose; and if there be any measure on which the people are heartily united to a greater degree than on almost any other, it is the desirability of continuing the existence of these institutions.

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	JUNE 8.	JUNE 15.	JUNE 22.	JUNE 30.
U. S. 5s, 1881, Coup. . .	101½ ..	101½ ..	101½ ..	101½
U. S. 4½s, 1891, Coup. . .	114½ ..	114½ ..	114½ ..	114
U. S. 4s, 1907, Coup. . .	120½ ..	120½ ..	120½ ..	120
West. Union Tel. Co. . .	82½ ..	84½ ..	83½ ..	84½
N. Y. C. & Hudson R. . .	127½ ..	128½ ..	130½ ..	130½
Lake Shore . . . . .	101½ ..	107½ ..	109½ ..	110½
Chicago & Rock Island . .	129 ..	129 ..	130½ ..	130½
New Jersey Central . . .	67½ ..	71½ ..	75½ ..	76½
Del., Lack. & West. . . .	119½ ..	123½ ..	126½ ..	127½
Delaware & Hudson . . .	103½ ..	104½ ..	110½ ..	111½
Reading . . . . .	54 ..	58½ ..	60½ ..	58½
North Western . . . . .	129½ ..	129 ..	129½ ..	131½
Pacific Mail . . . . .	39½ ..	42 ..	41½ ..	42½
Erie . . . . .	34½ ..	35½ ..	35½ ..	35½
Discounts . . . . .	5 @ 5½ ..	5 @ 5½ ..	5 @ 5½ ..	4½ @ 5
Call Loans . . . . .	2½ @ 3½ ..	2 @ 3 ..	2½ @ 3 ..	3 @ 3½
Bills on London . . . . .	4.86½ @ 4.89½ ..	4.86 @ 4.89 ..	4.86 @ 4.88½ ..	4.85½ @ 4.88½
Treasury balances, coin . .	\$89,358,751 ..	\$86,906,186 ..	\$87,967,669 ..	—
Do. do. cur. \$4,570,761 ..	\$5,708,219 ..	\$5,664,475 ..	—	—

The reports of the New York Clearing-house banks compare as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
June 3 ..	\$ 318,373,300 .	\$ 53,692,900 .	\$ 24,922,600 .	\$ 298,657,600 .	\$ 18,635,200 .	\$ 3,951,100
" 10 ..	318,427,500 .	54,374,900 .	25,919,400 .	300,635,900 .	18,592,100 .	5,135,325
" 17 ..	317,465,000 .	57,884,900 .	26,905,500 .	304,612,000 .	18,502,000 .	8,637,400
" 24 ..	318,716,800 .	58,957,600 .	26,546,400 .	304,491,000 .	18,562,800 .	9,381,850

The Boston bank statement for the past four weeks is as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
June 3 .....	\$ 148,081,600 ....	\$ 7,748,100 ....	\$ 3,993,500 ....	\$ 95,444,000 ....	\$ 30,523,200
" 10 .....	150,348,100 ....	8,077,900 ....	4,006,800 ....	97,657,000 ....	30,668,300
" 17 .....	151,223,400 ....	8,259,300 ....	3,859,300 ....	98,184,800 ....	30,780,000
" 24 .....	152,256,000 ....	8,177,700 ....	3,942,600 ....	99,133,100 ....	30,590,100

The Clearing-House exhibit of the Philadelphia banks is as annexed :

1882.	Loans.	Reserves.	Deposits.	Circulation.
June 3 .....	\$ 75,033,396 ....	\$ 18,521,180 ....	\$ 67,964,584 ....	\$ 9,759,255
" 10 .....	74,912,799 ....	18,634,167 ....	67,451,271 ....	9,741,055
" 17 .....	75,416,198 ....	19,508,552 ....	69,147,324 ....	9,706,953
" 24 .....	75,887,666 ....	19,466,196 ....	69,274,953 ....	9,717,076

## DEATHS.

At FAYETTEVILLE, N. Y., on June 14, aged seventy-four years, HIRAM EATON, President of the National Bank of Fayetteville.

At ROCHESTER, N. Y., on June 1, aged sixty-four years, FRANCIS GORTON, President of the Flour City National Bank.

At BETHLEHEM, Penn., on June 25, aged seventy-seven years, CHARLES A. LUCKENBACH, late President of the First National Bank.

At SANTA FE, New Mexico, on May 30, MIGUEL A. OTERO, President of the San Miguel National Bank, Las Vegas.

At COCHRANTON, Penn., on June 8, aged fifty-one years, ROBERT PATTON, President of the Cochran Savings Bank.

At NEWPORT, Vt., on June 8, aged fifty-nine years, LUCIUS ROBINSON, President of the National Bank of Newport.

At BALTIMORE, on May 27, aged thirty-nine years; LEWIS ROSENBERG (of the firm of Frank, Rosenberg & Co.).

At FREDERICKSBURG, Va., on May 29, aged fifty-five years, JOHN M. WALLACE, Cashier of the National Bank of Fredricksburg.

At WHITINSVILLE, Mass., on April 26, aged seventy-five years, JOHN C. WHITIN, President of the Whitinsville Savings Bank.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

---

VOLUME XXXVII.

AUGUST, 1882.

No. 2.

---

THE NEW BANKING LAW.

Every progressive Government except ours possesses a National banking institution which is intimately concerned with the public finances. No two of these are based on the same principles, but in every case they have been founded to aid the Government in executing its financial policy. In 1791 a National bank was chartered by Congress which existed for twenty years, and whose management throughout was wise and successful. In 1811 its charter was suffered to expire at the very time when the institution was more needed than ever. Gallatin fought strenuously for the renewal of the charter, but the bill was defeated by a single vote in each branch of Congress.

Five years afterward a second National bank was created. During the interval State banks rapidly multiplied, and the circulating medium of the country deteriorated in quality as it increased in quantity. The Government feeling obliged to take it, suffered heavily by the adoption of the policy. The second National bank was very generally regarded as a necessity in order to furnish a stable currency and aid the Government in restoring its shattered finances. Its charter lasted twenty years. Jackson was a strong opponent of the bank, and though both Houses voted to renew the charter, the bill could not be passed over his veto, and so it came to an end at the close of the period originally prescribed. The country with great unanimity favored the extension of the bank, and the opinion has been very generally expressed that the

President, by depriving the country of it, directly paved the way for those reckless experiments in banking and finance from which the country suffered terribly a few years afterward, and from which it did not fully recover for many a year.

Once more a system of National banking was established in 1863. During the interval, after the downfall of the second United States bank, several attempts were made to organize another National bank, but these did not succeed. President Tyler acted very strangely about the matter. He was in favor of such an institution, but objected to the bill which passed both Houses, providing for the creation of one. He stated his objections in a veto message, and forthwith Congress passed another measure shorn of all the objectionable features contained in the first bill. But the President vetoed that. Congress then discovered that Mr. Tyler was not in favor of any kind of a National bank. Had he been, such an institution would have been organized, and probably would have continued until the present time. For, its twenty years of operations would have carried its existence to the opening of the recent war in 1861, when the need of such an institution was greater than ever before.

This was so evident that Secretary Chase, soon after assuming the duties of Secretary of the Treasury, began to devise a scheme of National banking, which finally blossomed into the present system. This has now been renewed—a proof of its success and its need.

It is true that considerable opposition has been manifested to renewing the National-bank system, but the principal ground of opposition has not been perfectly understood. Some have disliked the banks because their profits were too large; but this class, it is believed, are not very numerous; certainly they do not comprehend the nature of their own criticisms. Neither does the stale argument once advanced against them, that they earn two profits (one from their bonds and another from their circulation and deposits) possess any vitality. Nor does much of any opposition exist to continuing them as banks of deposit and discount. The chief ground of opposition is, the delegation of power to them to furnish a circulating medium for the country. Their opponents say, if a paper medium is needful, why should not the Government issue it instead of the banks? Let them make all the profits they can from their deposits, but why should the Government furnish them with its credit for nothing and permit them to use it for their own advantage? This is the strongest argument advanced by their opponents; let us see what merit, if any, it contains.

It may be remarked, in the first place, that many of the banks in the larger cities care but very little about issuing notes; they are by no means an important element in their business. Their profits are derived mainly from the employment of their deposits, and some

of them issue no notes of their own whatever. It is a mistake to suppose that bank profits, especially in the larger cities, are derived very largely from bank circulation. This can be easily proved from the statistics of their business. They do not, therefore, care so much about retaining it.

But it is otherwise with the country banks. Their profits are acquired far more largely from the issue of their notes. Their deposits often are very small, and if they had not the privilege of issuing notes many of them could not exist. Their profits from other sources are not large enough to make their business sufficiently profitable to continue it. But these institutions are a great accommodation to the people, and therefore they should be permitted to issue their notes, so long at least as there is no other way for them to make a reasonable profit in their business.

Now what these bank opponents desire is that the Government shall issue all the circulation needed by the country. But there are two objections to their plan. The first is, the legal-tender quality which they propose to give to it: and secondly, the lack of limitations on the quantity to be issued. Not too soon can the legal-tender quality of the greenbacks be taken away from them. If they were issued simply as treasury notes, which every one was at liberty to receive or decline, no harm, that we can see, would come from their continued employment. Doubtless if they were thus issued, they would be just as readily received; there would be no longer a violation of the Constitution in using them, and they would serve just as useful a purpose as they do at the present time.

The other difficulty in attempting to issue Government notes in place of bank notes, is the danger of issuing too large a quantity. What safeguards can be devised which will prove secure amid all dangers? This is the most knotty question in the whole problem. So long as no one is able to devise a perfect check, experience teaches us that we had better issue no Government notes at all. It may be, however, that safe ways of issuing them will be discovered, and if they are, would be worthy of consideration. On this point some suggestions will be given at a future time.

But the law extending the charters of the banks has probably settled the main features of our banking system for many years. The mode prescribed for continuing these organizations is very simple, and entirely free from criticism; but Congress has improved the opportunity to indulge in further legislation with regard to the banks which displays less wisdom. There are three points requiring brief consideration.

The first point relates to the exchange of three-and-a-half-per-cent. bonds for three per cents. The inducement for making the exchange is that the latter shall run until all belonging to the former

class are paid. This gives to the three per cents. a degree of permanence, which the three and a half per cents. do not possess. Of course, their duration depends on the rapidity with which the debt is discharged. If the present rate of reduction were to continue, only a short time would elapse before the three per cents. would be called. But it is probable that ere long debt-paying will proceed more slowly. The law wisely provides that the three per cents. last issued shall be first called, thus spurring exchangers to make the exchange as soon as possible, in order to reap the greatest benefit from this enactment. Elsewhere will be found the circular addressed by the Secretary of the Treasury to the holders of the bonds on the subject.

Another feature of the law requiring notice, is the provision which declares that no National bank shall belong to a Clearing House which prohibits the taking of silver certificates in settlement of balances. This is aimed, principally, at the New York Clearing House, which, at a meeting held on the 12th of November, 1878, resolved among other things that "the associated banks of this city, after the first of January, 1879," will prohibit payments of balances at Clearing House in silver certificates or in silver dollars, excepting as subsidiary coin in small sums (say under \$10). This provision of the new law has excited much discussion, for it is very ambiguous, and may be construed in several ways. The Clearing-House Association of New York, however, has promptly complied with the intention of those who were the most strenuous in urging the adoption of this provision. On the 14th of July, it was "resolved that the resolutions adopted by the Clearing-House Association on the 15th of November, 1878, be and are hereby repealed, so far as they conflict with section 12 of the Act of Congress passed July 10, 1882." Thus the regulation of the New York Clearing House, which has been so strongly disliked by the silver men, has been swept away, and the requirement of the new law is to be executed.

The reason why the banks have so promptly complied is apparent. The new law provides for the issuing of gold certificates, which for a considerable period have been suspended. Their suspension was the cause of the large issue of silver ones. These latter will, no doubt, be less freely issued hereafter; those outstanding will be largely redeemed, and hence not many will find their way into the banks after a short time. Gold certificates will take their place; so, while complying fully with the law, the silver certificates are likely to be emptied into the Treasury as fast as possible, and there will be no further demand or use for them.

How the section relating to the certification of checks will be construed and executed we cannot say. One thing though is clear: the intention of Congress was a wise one, for the certifying in excess of

the deposits held by a bank is a dangerous practice and cannot be defended on any ground whatever. No matter how punctilious brokers may be to make good their accounts, no matter that no losses have ever occurred to the banks, to certify that a depositor's check is good when it is not is giving a false credit, is a wrong act for which there is no defence. At present the banks refuse to certify, but "accept" the checks given, which, of course, is essentially the same thing. It must be remembered that only a very few banks are engaged in this business of over-certification; but it is becoming more and more evident that another Clearing House is needed for the accommodation of the Stock Exchange. In London, Paris, Vienna, and Frankfort such Clearing Houses exist, and if one were established in New York, and the banks dealing with stock brokers were more completely divorced from the others, many advantages would accrue to all concerned.

---

### SPECULATION AND BUSINESS.

Not long since, when the originators of the Iron Exchange in New York were organizing that institution, the inquiry was raised whether dealings in "futures" should be allowed or prohibited. A few members were opposed to such transactions; they were characterized, and rightly, too, as gambling ventures, in which the Exchange ought not to engage. Not so thought a majority of the members. The main purpose in founding the Exchange, they had imagined, was to prepare the machinery for engaging in these operations. They frankly expressed their opposition to creating the Exchange itself, if dealings in futures were to be prohibited.

An observer of ordinary intelligence would suppose that the iron industry was darkly enough surrounded with uncertainty without casting another shadow over it. First of all is the ever-present dread of foreign ~~competition~~. Though the manufacture of iron and steel in their various forms is walled in by a legal barrier, the manufacturer constantly realizes that at any moment it may be overleaped if the outside pressure to sell becomes too great. If bad trade should overtake the English manufacturer in other parts of the world, and his creditors should demand payment of his obligations, he is forced to sell his products for whatever price they will fetch. He has no alternative. Again and again has he sent them to us, notwithstanding the height of the protective barrier existing. It is true, the operation may have been a very costly one to him, but he could not do otherwise. Money must be had, and his goods must be sent where they could find a market of some kind. On such occasions the



tariff has never stood in the way of the foreign seller, and it never will, whenever the pressure to obtain money to meet maturing obligations becomes very great. This danger, therefore, always confronts the manufacturer; plan never so wisely, he cannot escape from it.

Another element of uncertainty is the price of labor. This is getting to be a more and more perplexing element in every business calculation in which it forms an important factor. A contract is made for producing a large quantity of steel rails, an expensive bridge, a ship, an iron front, or something else, and the price is based on the supposition that wages will remain the same. But the working men finding out that their employer has entered into one or more heavy contracts, to complete which within the time specified a given number of men must be employed, every now and then uncomfortably startle him by informing him that they can work no longer unless an advance is paid. His eyes are then opened to the fact that he is at the mercy of his men, and that they know it. In England, where employers have oftener been unpleasantly surprised in this manner than they have been in this country, they have acquired wisdom through costly experience, and, so far as possible, insert the condition in their contracts that the price for doing the thing undertaken and the time of fulfillment are dependent on the rate of wages remaining the same. The condition is a very wise one, and has saved many an employer from loss. The men, too, knowing of the existence of such a condition, are less apt to demand new terms, because their employer is not so dependent on them. But, under the most favorable conditions, labor, whether rightfully or wrongfully, is more exacting in its demands, is more difficult to manage, and is becoming a very grave element in all future calculations involving it.

Another element of uncertainty is a change in fashion or taste. A few years ago worsted goods were considered very desirable by gentlemen, and woolen manufacturers adapted their machinery, at heavy expense, to produce them. The fabrics were attractive to the eye, and wore long, but, unfortunately, not well. By wear they sooner or later had a shiny appearance, which was disliked. The consequence is that these goods, which were once regarded with so much favor, are no longer desired. They have had their day. We read a few days ago about a factory which had been making them—that it had determined to adapt its machinery to other fabrics, although the expense of changing would exceed several hundred thousand dollars. Similar occurrences, though involving not so much loss, are constantly happening. Woolen manufacturers are now making goods for next winter, and they are exercising their utmost skill and powers of divination to make those which will command a ready market. Unfailing hope is animating each manufacturer that he is making the kind of goods which will be the most wanted.

But some of them will inevitably miss correctly divining the people's taste. More than one manufacturer will be unable to sell his goods at a profit, and they will be at last forced on an unwilling public through the auction house.

Another element of uncertainty is the frequently varying rate of transportation. A manufacturer may have contracted for his products leaving only a narrow margin of profit, which is suddenly swept away by an advance in the rates of transportation. He had no warning of the change; it was as unexpected as it was unwelcome. His carrier may not have expected it, but was required to change by reason of some cause which had its origin a long way off. Or, it may be that the manufacturer is obliged to pay a higher rate for transporting his raw materials to his factory. Or, again, the price of transportation may be reduced, and he may have a large quantity of manufactured goods on hand which cost him more to make than they will cost future producers at lower rates of transportation, against whom, therefore, he cannot successfully compete. Whether the price of transportation be increased or diminished he loses by the alteration, and this is a very important consideration in many kinds of business.

Another element of uncertainty is the change wrought by the untiring and restless genius of the inventor. Labor-saving and labor-perfecting machinery, like novel-writing, has no end. Every year witnesses new triumphs in this direction. What a marvelous history is that of the last half century in mechanical invention to save labor and improve the quality of workmanship! But these inventions, if fraught with great good, also bring heavy losses in their train. A cotton factory built twenty years ago, with the most improved machinery of that day, cannot compete successfully with a factory erected to-day and equipped with the best machinery now existing. In order to continue production successfully, machinery must be changed from time to time as new inventions of importance appear.

These elements of uncertainty, beside others which might be mentioned, it would seem were enough for the manufacturer to study without voluntarily increasing the number. Yet, to make uncertainty still more uncertain, is the very condition of things which some manufacturers of late years have been striving to create; and now, last of all, the iron manufacturers are infected with the same idea.

What is the genesis of this idea? It is that by increasing the confusion and chaos of the market, fortunes will be more quickly earned. The principle, or lack of principle, lying at the bottom of this movement bodes no good to any one. Of course, by increasing the hazard, fortunes may be more quickly made; but unfortunately, in every case, the loss to others will be equally great. In

every ordinary exchange both parties to it are gainers. If I give ten dollars for a barrel of flour, I had rather have it than the money, otherwise I would not buy it. The same thing is true of the person who sells the flour. But when two persons gamble, the winner of the stakes gains them at an equal loss to the other. The millions won in stock gambling are made at a similar loss to the unfortunate ones. Here is a sharp distinction between gambling and legitimate business transactions. In the latter case, both parties are gainers; in the former, one party inevitably loses. Both cannot gain.

The plain inference is that business men are getting weary of acquiring wealth by honorable and honest methods, and prefer the more hazardous and low method of gambling. If they did not prefer the latter method, they would not practice it; if they did not prefer it, they would not deliberately set up the machinery for conducting this miserable and degrading business. They know well enough what the Cotton Exchange does for the manufacturer. They know that the price of cotton is moved up and down more rapidly than before, and often without any reason except that such is the will of the speculator.

Thus we come in sight of the reason why the speculative element is more dangerous than any other we have mentioned, as daily illustrated in the cotton, produce, petroleum, and other exchanges. The causes of fluctuation frequently are not based on fact, but are purely fictitious. Even speculative changes of price for which there may be a basis of fact are usually much greater than the facts warrant. No one can foresee when these changes will occur, or how violent they may be. Often it is a matter of pluck, check, and money; those who are the most heavily endowed in these ways win. Those having less, who are unable to increase their margins when prices are advanced, must fail; and so the strongest succeed while the weaker ones succumb.

From this consideration of the subject another fact is very clear, namely, that speculation adds not a dollar of wealth to the country. When the iron manufacturers determined to found an iron exchange and speculate in iron, they announced to the world that they were desirous of making money, not by continuing the only system of mutual gains, but by making it at somebody's loss. They are desirous of making though others be ruined by the operation. Of course, they say, all have the same chance, and all expect to win, and yet they know with the utmost certainty that just as many must lose as win.

But they do not all stand on the same plane. Those having the most money and audacity and the least honesty have an obvious advantage over others; they pretend not to have, but they know differently. They play with loaded dice, and so are very sure

of winning. It is often seen what advantages the heavy operator has over the one possessing limited capital and timid nerves. Yet the spirit for gambling is on the increase in spite of every warning and manifold bitter experience.

We have said nothing about the moral consequences of introducing this element into business, because this is hardly the place to touch that side of the subject. Yet it is evident that by thus increasing the hazard of business, life is made less joyful, the strain is increased, the life-threads are sooner snapped. Men daily fall who, had they taken fewer risks in their business and been content with smaller gains, would have lived longer and happier. Their greed to make a fortune in a day leads to a speedy end. Moreover, if they succeed in heaping up wealth, they sooner or later awaken to the clear consciousness that they have done so only by bankrupting their character, which is the heaviest loss that can be sustained. His business-heaven may be lighted up for a time with the glare and excitement of money-making, but the old story is repeated in almost every case sooner or later—the unlucky day comes when the game turns, and the gambler leaves the table empty in pocket and sick at heart.

---

### THE BANKERS' CONVENTION.

Within a few years a marked movement has been visible among persons engaged in the same business to meet annually or oftener for the purpose of devising methods to promote their common interest. This is especially true of those pursuing the different branches of manufacturing. The regulation of production, National legislation—the establishment and maintenance of prices—these and many other matters tend to create unity of action among them, and, as a preliminary, the regular assembling of all concerned on stated occasions.

Bankers have been less inclined to meet together, not because they were without common interests, but because these have been sustained without concerted action. There has been but little clashing among them, and as for legislation, they have never demanded very much. Of late years they have sought to effect a repeal of the laws imposing taxes on them, but with this exception they have not endeavored to secure anything very noteworthy in the way of legislation save the extension of their charters which Congress has just granted.

It is true, though, that bankers could exercise if they desired a far more powerful influence in public affairs than they are now doing. As a class, they possess keen intelligence, and feel every pulsation of business throughout the land. They understand the condition of

production and trade, the wants of the money market, and taxation and all kindred matters. Now, if bankers chose to exercise more influence with respect to legislation generally, and in setting the currents of public opinion, they could accomplish a great deal. We all know with what authority the New York Chamber of Commerce and kindred associations speak, but an association composed of 2,000 banks could exercise far more. Its annual meetings thus far have been pleasant and profitable, but the association has by no means realized the full measure of its power. It should be an efficient instrument in shaping public opinion on many important questions, because it naturally falls to bankers to do it. All public questions relating to the expenditure and receipt of public money naturally belong to their province, including taxation and the like; and it would be well for the country if the banks assumed the right to discuss and mature a policy pertaining to these matters. No other association outside the legislative bodies can exert so much influence, and the time has come for banks to use it. Things are left altogether too much to Congress; it is the duty of all good citizens, newspapers and associations to do more toward influencing and restraining that body. The bank association should no longer hesitate to set the example and do its part.

---

### THE FLOW OF GOLD INTO FRANCE.\*

We remember the hasty alarms that were sounded within a year or two, that Europe was going to lose all its gold, and that the last louis would be preciously preserved as a curiosity, like other lost coins. If we did not immediately restore silver to favor, if the mints of the two worlds were not reopened to the coinage of it, humanity, and especially the nations of Eastern Europe, would lose money. Briefly, it was necessary to form a universal monetary union in order to restore the former value of silver; this must be done or all prices would be considerably lowered, salaries would be reduced, and European commerce sink into a deeper uncertainty.

These predictions, though repeated for several months, have been already contradicted. The International Conference, which was to re-establish in all its mysterious splendor the double standard, assembled last year with but little success as we know; then it was adjourned to the spring of the present year. The spring has gone and it has been decided that it is better to terminate it, and not to assemble again.

Economic facts are always very much more elastic than we

\* Translated from *L'Economiste Français*.

imagine, or at least than is believed by impatient persons. The supply of gold in France, or to speak more precisely, in the Bank of France, has been increased very rapidly, and we shall examine at this time the causes of this increase.

On the 8th of June our bank had 944,000,000 of francs of gold in a total metallic reserve of 2,102,000,000 of francs. On the 29th of December, 1881, it possessed only 655,000,000, which were reduced to 648,000,000 on the 5th of January, 1882. On the 30th of December, 1880, the gold reserve in the bank was only 564,000,000, of which 169,000,000 were in Paris and the rest in the branches. Critical minds further remarked that the gold of the bank was very light consisting to a great extent of ten-franc pieces, which, naturally, for the most part had become greatly worn, and also five-franc pieces which had always been unfit for foreign payments. These facts at that moment were put in a strong light. It was observed too that our foreign enterprises, the canal of Panama, all the schemes of M. Bouton in Austria-Hungary, were taking much, but bringing nothing back.

Thanks to Heaven nothing is impossible. By one of those sudden changes, one of those oscillations which are common in the economic order, the gold current has changed, instead of leaving our land it is returning here. The gold balance of our bank is approaching to a milliard of francs; it is not impossible that the round number will be reached or exceeded in one or two months. We shall then see what formerly we pompously and very inexactly called the protection of a milliard, the true, good, yellow milliard, it is not altogether impossible that the new gold will soon represent half the balance of our National bank, for the silver is declining; it amounted to 1,222,000,000 on the 30th of December, 1880, it fell to 1,161,000,000 the 29th of December, 1881, and 1,157,000,000 on the 8th of last June. Thus the gold balance will rise above a hundred millions, and the silver balance will fall below the other, the two metals retaining the same ratio at the bank; whilst at the end of 1880, the silver balance was more than twice as large as the gold one.

The gold that is held by our grand establishment of credit increased 91,000,000 of francs during the year 1881, and 289,000,000 by the middle of the present year. This accumulation is not from the operation of the same causes in 1881 as in 1882. Last year the supply of gold at the bank was slightly increased; this was owing to the prodigious efforts of the Finance Minister of that time, M. Magnin. We know that he gave an order to the general treasury to put into the bank all the gold that was taken in there. The growth of the gold balance of the bank in 1881 was therefore at the expense of the interior circulation. It was from totally different and far greater causes, and much further reaching, which augmented the

gold balance during the present year; we may be assured that it was not solely at the expense of the interior circulation; on the contrary, the principal part of the increase may be considered as coming from abroad.

Gold has not flowed into the Bank of England in the same proportions as it has here. If we compare the balance of that establishment at the end of December, 1880, with the present time, we shall see that it was considerably larger at the first of these dates; it then reached £24,338,000, whilst on the 8th of June it amounted only to £23,141,000; in these eighteen months there was a loss of about £1,200,000. So the causes which have been drawing during this period 380,000,000 of francs of gold into the Bank of France have not been acting in England; or rather their beneficial operation has been set aside by causes of a different kind.

It is a notable fact that the direction of gold during the last six months has completely changed between the United States and Europe. Although gold had been employed there for several years, a very strong current swept European gold to the United States; but now a counter-current has set in which is bringing back gold from the United States. The cause of the double movement was the marvelous harvests which benefitted North America in 1879 and 1880, and the moderate harvest in the same country in 1881. The United States have had much less wheat to sell this year than before; for once her presumption has been chastised; they have held their wheat at very dear prices and have formed what they call corners, and syndicates, to monopolize the market. It has gone to them; and their exportations have been in the aggregate very much less than formerly. On the other hand, the splendid harvests of 1880 and of previous years had prodigiously enriched the United States and developed their commercial relations with Europe: it has resulted in their buying more of our products and having the means to pay for them. So at this moment the United States are selling less and buying to our advantage; their commercial statistics are proof of this.

Unquestionably, it is necessary to be a little on guard against the returns of the Custom Houses, and not always accept them with absolute confidence. But if they are occasionally inexact in details, they correctly indicate the general course of things. The first four months of 1881, according to the statistics of the United States, the exports exceeded the imports by \$84,834,000; for the same period in 1882 the imports exceeded the exports by \$8,934,000. The difference therefore is about \$94,000,000. We can understand that so great a change has produced an immediate effect as to the direction of the precious metals. The commercial statistics prove this. The first four months of 1881 indicate an excess of twenty-four and a half millions of gold imported over the export of it. For the corresponding pe-

riod in 1882 the outflow of gold in the United States has exceeded \$13,349,000. Besides, New York appears to lose on remittances to London, for the pound sterling which was valued only at \$4.78 to \$4.80 at the beginning of the year, has been raised to \$4.87 and something above. It is true that at this season of the year there is always a rise in the price of paper on London, but it is greater now than in former years.

The gold is sent then from the United States to England, but it does not stay there, because the balance of the Bank of England is about thirty millions of francs less than it was at the end of December, 1880. The gold comes to France in the final analysis for reasons which are seldom understood. It is not the gold balance only of the Bank of France which proves that the course of gold is toward our nation; this would be an insufficient indication, because the gold of the bank might be drawn from the interior circulation which supplied it before. Our Custom-house statistics, which we take as an approximate and rude indication, are nevertheless sufficient evidence to prove that the movements have been on a grand scale.

From these statistics France had imported only seventy millions of francs of gold during the first four months of 1880, 66,000,000 during the same period in 1881, whilst it imported 173,000,000 in the first four months of 1882; on the other hand, our exports of gold exceeded 76,000,000 in the first four months of 1880, 63,000,000 during the same period in 1881, but reached only 40,500,000 for the first four months of 1882, leaving an excess of importations of 133,000,000 of francs.

America can lose a certain quantity of gold without much inconvenience, because she is a large producer of it. From the reports of Mr. Burchard, the Director of the Mint, the production of gold in the United States was \$33,490,000 in 1874, \$33,467,000 in 1875, \$39,929,000 in 1876, \$46,897,000 in 1877, \$51,206,000 in 1878, \$38,899,000 in 1879, and about \$36,000,000 in 1880. Moreover, the consumption of gold for industrial uses was valued at \$8,634,000 for 1880, which represented the remelting of old articles or foreign pieces.

From this data, therefore, which is derived from official documents, the production of gold in the United States in the poorest year is 180,000,000 of francs; deducting 40,000,000 for industrial uses, there will remain 40,000,000 to compensate for the loss of money, beside an actual increase of 100,000,000 of francs at least to the existing stock of gold in the country. The United States, therefore, are sufficiently supplied for a people who resort to checks and other modes of payment. As for our old world it must be satisfied with the Australian production, which amounts to 200,000,000 or 250,000,000 of francs annually, including that of New Zealand; it has also the



product of the Ural mines, and those of India, concerning which we hear wonders. Finally, the wants of South America can be met by the placers of Guiana, the mines of Venezuela, of Brazil and of Uruguay. The equilibrium is thus established. The production of gold is abundant enough for the new countries, and the supply in the old countries is sufficient.

Why is it that American gold simply traverses England on its way to the Continent? Various causes have contributed to this end. First, the Italian loan for securing specie payments is payable in gold. The contractors of the loan have procured several hundred millions of gold that either has been advantageously taken on the arrival of steamers from New York to England, or has been stopped at Naples and at Brindisi on steamers coming from Australia.

As to France, the causes which have influenced the monetary movement are very apparent. We have bought less food abroad, but this is not the chief cause. The cause which has acted the most powerfully is this: throughout all last summer and autumn the rate of discount with us was greatly advanced, and the rate on the operations at the Bourse, on good values has been excessive, reaching eight, ten, and twelve per cent. This was a sufficient reason for the employment of foreign capital in France. During the crisis another cause operated very strongly in the same direction, which we have previously spoken of. Our embarrassed financiers were obliged to sell their international stocks, Austrians, Lombards, Spanish, Turkish, Egyptian. We have thus drawn from abroad hundreds of millions; and gold has come here in quantities to pay for these purchases. This is why the gold balance of the Bank of France has been increasing while that of the Bank of England has considerably diminished. We believe also that the gold balance of the Bank of France has been enriched to some extent at the expense of the country circulation.

Two facts control the situation: one is the sudden change in commerce, which has made the United States an exporter of gold instead of an importer; the other is the high rate of interest with us here since the enormous sales of foreign stocks in the Paris market.

It is a question how long the exportation of gold from the United States will continue. Their harvest, it is said, is very fine. But ours is declared to be very good, and that of Central Europe could not be more desirable. Maritime freight, it is true, is very low from New York, and this will tend to swell the exportation of American products.

We do not believe that the outflow of American gold to Europe will be of long duration; the movement perhaps may soon cease. But on the other hand the rich American society have acquired a taste for European products; and the number of opulent persons who visit Europe is increasing. There is no reason for fearing, as

some do, that within a year all the gold of Europe will forever fly away to America. Nevertheless, the money market will be subject to oscillations, especially so long as a great country like France will not undertake to renounce the fiction, elsewhere half-abandoned, of a double standard in order to adopt a single standard of gold.

PAUL LEROY-BEAULIEU.

---

### THE FINANCES OF PRUSSIA.\*

Impartiality is rare in a historian, almost never to be found in a publicist. How can one coolly judge the contests in which he participates? If the internal affairs of a country are in question, the writer has mingled in the strife of party and cannot forget it; if foreign affairs are to be discussed, the victories and defeats of his father-land come home to him, and he looks upon the foreigner as his enemy. No wonder that Germany has been little known and wrongly judged in France. From one extreme Frenchmen have fallen into another. Before the events of 1870 there was a certain feeling for Germany, her charming scenery, her romantic poems and dramas, her learned universities. Some shrewd observers had remarked a practical administration and a formidable army in Germany, and particularly in Prussia; but their revelations had passed unheeded. Bismarck had not yet been taken seriously, and was considered only a dreamer. Prussia's triumphs of 1866 were the first warning.

The ministers of France were blind to the dangers of their situation, and madly declared war against Prussia in 1870. A terrible lesson was received, and it is natural the sufferers should seek to know the reason of their discomfiture. They appeared to find it in the superior education and army of the enemy; but there has been much exaggeration in this praise of Prussia for the efficiency of her teachers and corporals alone. Now, it is said, symptoms of weakness have become manifest with the development of socialism and financial embarrassments. Socialism has indeed spread rapidly in Germany of late, but little more so than in the other great States of Europe, for it is everywhere favored by the prevailing theories of government. The financial embarrassments of Germany are not nearly so great as has been imagined, and it is well to know the truth concerning them.

The budget of the German Empire is distinct from that of the different German States. The Empire collects customs duties amounting to 130 million marks, and the taxes on salt, sugar, tobacco, brandy, beer. Some of the States take these imposts for

\* Adapted from the French of M. Paul Muller, *Journal des Economistes*, Juin, 1882.

their own Treasury, and pay into the Imperial Treasury a sum proportioned to the value of these taxes per head of population. The deficit of the Imperial Treasury is made up by the matriculatory contributions of the different States according to their population.

The receipts and expenditures of the budget of the German Empire for 1882-3 are balanced by a sum of 607,534,771 marks. The principal State of the German Empire is the Kingdom of Prussia. Until 1866 Prussia formed a part of the Germanic Confederation, from 1866 to 1871 of the North-German Confederation; when in 1871 the Southern States entered the North-German Confederation, the German Empire was founded anew, with the King of Prussia as Emperor, and Berlin became the capital of the new Empire. The Prussia of to-day dates from 1866; it extends from the frontiers of Russia to those of France; its entire area is 351,673 square kilometers; its circuit is 7,600 kilometers long. Contemporary events have aggrandized Prussia by the Duchy of Lauenburg, Schleswig-Holstein, some Bavarian Districts, Hesse-Hamburg, a part of Hesse-Darmstadt, the Electorate of Hesse, Nassau, Frankfurt, and Hanover. These acquisitions represent one-fifth of its actual area. Of a population of about forty-four millions for all Germany Prussia counts 27,279,111 souls, or seventy-four inhabitants a square kilometer. In nationality the population is thus divided per 100: 88.24 Germans, 0.57 Danes, 10 Poles; in religion, 64.64 Protestants, 33.51 Catholics, and 1.32 Jews.

The first light on the finances of Prussia is to be found in Mirabeau's works, but in his day the Court of Berlin was wrapped in mystery. The ministries were so regulated, that each knew only its own affairs, and the sovereign and his favorite minister could alone take a general view of the situation.

Frederick William, father of Frederick the Great, disposed of a budget of about eight million dollars, leaving to his successor overflowing coffers and a fine army of sixty thousand men. In 1786, on the death of Frederick II, Prussia's army numbered two thousand men, and her Treasury contained about forty million dollars. The budget of Frederick II amounted to thirteen million dollars, of which over ten millions were devoted to the army. The accumulated treasure was dissipated in the succeeding reign, but Frederick William III, ascending the throne in 1797, sought to repair the ravages of his predecessor. Few monarchs ever endured more cruel trials. After Jena his kingdom was occupied for months, he was stripped of half his territory, and his revenue was appropriated to paying the war expenses of France. But in 1815 the era of recuperation began. The public revenue of this period was calculated at about twenty-six million dollars; in 1821 the budget is estimated at thirty-six million thalers, in 1829 at thirty-seven

millions, in 1847 at sixty-four millions, the increase of the last estimate being more apparent than real, because from 1844 the gross revenue is taken instead of the net revenue. In 1865 the expenditures reach 169,243,365 thalers (a thaler being equal to about seventy-three cents), and the receipts are 173,934,739; taxes furnishing forty-one per cent. In the seventeen years between 1850 and 1867, the public expenditures of Prussia increased from 56,994,816 thalers in the former year to 83,072,376 thalers in the latter. The receipts from taxation in 1850 were 49,511,104 thalers. In 1866 Prussia conquered considerable territory and entered the North-German Confederation. The annexed States retained their separate budgets until the end of 1867; from that time the budget of the Confederation must be distinguished from that of the Kingdom of Prussia; in 1871 the Confederation became the Empire. In 1869 the Prussian citizen paid per head four thalers eight silver groschen to the State (Kingdom and Confederation), and the receipts from taxation amounted to 116,138,321 thalers.

Such was the financial condition of Prussia on the eve of the Franco-German war. Now let us take up the budget of the current year (April 1, 1882—March 31, 1883). The total budget of ordinary receipts is estimated at 905,727,432 marks; the budget of ordinary expenditures at 905,727,373. The extraordinary expenditures foot up only 34,079,244 marks, which are furnished in part by the surplus of 1880-1881. The ordinary and extraordinary budget amounts to 939,806,617 marks, or an increase of 26,736,201 over the preceding. The increase of expenditures is owing principally to the redemption of the debt of the railroads, and to new charges for the administrations of justice, police, education, etc. The extraordinary budget includes 4,960,500 for harbors, 2,181,445 for roads, 7,919,300 for the improvement of water-courses, 600,000 marks for the drainage of the State's demesnes. Beginning with the receipts, we find them divided into working, treasury, and administration receipts. In the first category are placed the receipts from taxes and the cultivation of the State's domain.

The ministry of agriculture, the domains, and forests collects the receipts of the domains and forests. The kingdom of Prussia is not only a great owner of forests, like most continental governments, but is also a great land-owner, and possesses about 340,000 hectares of domain. The receipts from the domain amount to 29,260,510 marks; the ordinary expenses are 6,675,520 marks, the extraordinary expenses 600,000 marks, principally for improvement and drainage. The surplus of receipts is 21,984,990 marks.

The revenue from the forests is put at 51,587,000 marks. Prussia possesses about 2,500,000 hectares of forests, or near the area of five French departments. The sales of wood amount to 45,700,000 marks. The administration is made up of thirty commissioners,

ninety-two inspectors, 680 foresters, and 3,362 guards, and there are two forest academies, the whole service costing 30,025,000 marks, besides which are 2,050,000 marks of extraordinary expenditures. The total receipts of the ministry of agriculture, the domains, and forests amount to 80,847,510 marks.

The ministry of finances collects direct taxes estimated at 144,453,700 marks. The expenses being 10,203,000 marks, the surplus amounts to 134,250,700 marks. Prussia has two separate land-taxes, for property built upon and not, both established in 1861. The registered land is divided into fifty-one per cent. of cultivated land, ten and one quarter meadow, 11.5 pasture, 24.5 wood land. There are two income taxes in Prussia, the Einkommensteuer on incomes of over 3000 marks, and the Klassensteuer on incomes of less than 3000 marks. The Einkommensteuer produces 33,466,000 marks, reduced to 28,827,600 marks by remissions to the poorest classes. The Klassensteuer produces 40,823,500 marks, which the remissions reduce to 25,146,100 marks. Of a population of 26,368,096, the Einkommensteuer reaches 634,249, and the Klassensteuer 25,733,847 souls. These figures will astonish no one versed in economic questions, for small incomes are everywhere more numerous than large ones.

The Klassensteuer comprises twelve classes. Incomes under 420 marks are exempt. The first class, from 420 to 660 marks, pays three marks; the last, from 2,700 to 3,000 marks, pays seventy-two marks. The Einkommensteuer comprises sixty-eight classes, the lowest paying ninety marks on incomes of from 3,000 to 3,600 marks, the richest Prussian paying a tax of 72,000 marks on his income of 2,400,000 marks. As the income of the class increases, the number of its tax-payers diminishes, and a glance at the tables of the Einkommensteuer will show the German socialist that the wealth of Prussia is not monopolized by a few families.

Of the indirect taxes, some are collected for the imperial treasury, others for the royal treasury. Thus the Prussian Government collects 279,530,540 marks for the imperial treasury, made up of 122,665,400 marks of customs duties, taxes of 3,855,290 marks on tobacco, 65,288,070 on sugar, 22,118,200 on salt, 48,176,080 on brandy, 12,698,100 on beer, 629,400 on cards, and 4,100,000 for stamps for commercial paper and documents. The imperial treasury, however, receives but 225,057,480 marks, because Prussia retains 19,039,690 marks for the service and 35,433,370 marks as her allowance.

The kingdom of Prussia collects some indirect taxes on its own account, enumerating, among its 79,522,310 marks of special receipts, 16,500,000 marks from a stamp tax, 5,200,000 marks of legacy duties, 53,500,000 from judicial fines, and 2,200,000 for tolls.

Prussia still keeps up the superannuated institution of the lottery, which brings in 4,043,300 marks. The profits of the commercial company, the Seehandlungs-Institut, are calculated at 3,000,000 marks

principally from its mills, flax-spinning works, and royal pawn-broking establishment. The mint's receipts are 233,820 marks, its expenses 227,130.

The total receipts of the ministry of finances amount to 250,295,820 marks.

The ministry of public works includes the mines, metallurgical establishments, salt-works, and railroads. The kingdom of Prussia is the owner of mines, coal-pits, blast-furnaces, whose receipts amount to 92,402,677 marks; expenses of 78,227,981 marks bring the profits down to 14,174,696 marks, or deducting extraordinary expenses also, to 13,894,696 marks. At Saarbrück alone five million tons of coal are sold for about thirty-seven million marks.

The State's railroads are very extensive in Prussia, comprising 11,759 kilometers. There is a general managing board of three directors and eighteen counselors, and seven subordinate boards, each with a president and about twelve directors. The receipts foot up 369,150,547 marks, the expenses 270,615,786, leaving a surplus of 98,534,761 marks.

The receipts of the ministry of public works amount to 461,553,224 marks; those of the ministry of finances to 250,295,820, and of the ministry of agriculture to 76,128,214. The total working receipts amount to 787,977,258 marks. A second subdivision of the budget comprises the Treasury receipts. We find first 43,020,100 marks as Prussia's share from the surplus of customs and tobacco tax, since all over 130 millions the empire relinquishes to the different States. Prussia receives besides more than seven millions from the stamp tax. The surplus of 1880-1881 figures for 28,862,485 marks. These receipts with some others make a total of 131,417,865 marks.

A third subdivision of the budget embraces the receipts of the administrations. We find 689,310 marks for the ministry of state; 4500 for ministry of foreign affairs; 1,662,219 for ministry of finances; 1,233,659 for ministry of public works; 298,603 for ministry of commerce; 6,596,000 for ministry of justice; 3,592,383 for ministry of the interior; 4,000,340 for ministry of agriculture, of which 1,847,340 are from the studs; 2,333,813 for ministry of worship and public instruction. The total of these receipts is 20,411,494 marks. The Treasury receipts amount to 131,417,865, and the working receipts to 787,977,258. The total budget of ordinary receipts figures at 939,806,617 marks.

The total budget of expenditures amounts to 939,806,617 marks, of which 905,727,373 are for ordinary expenditures, and 34,079,244 for extraordinary expenditures. The budget of expenditures comprises, like the budget of receipts, three subdivisions: working, treasury, and administration.

In analyzing the receipts, we have mentioned the principal working expenses. The ministry of agriculture, domains, and for-

ests expend a total of 37,119,880 marks, of which 6,675,520 marks are for the domains, 30,025,000 for forests, and 419,360 for the central administration.

The expenditure of the ministry of finances is estimated at 37,759,535 marks, of which 10,203,000 are for direct taxes, 27,234,365 for indirect and provincial taxes. The customs and indirect taxes cost 22,471,265 marks. The expenses of the lottery do not exceed 89,600 marks, and the net profit of this institution is 3,953,700 marks.

The total expenditure of the ministry of public works is put at 344,915,267 marks, of which 49,812,945 are for mines, 18,566,283 for blast furnaces, 4,026,050 for salt works, and 266,687,286 for the railroads, inclusive of fifty-six millions devoted to interest and redemption.

The expenditures of the ministry of public works amount to 344,915,267 marks; those of the ministry of finances to 37,759,535; and those of the ministry of agriculture to 37,119,880 marks. The total working expenditures represent a sum of 419,794,682 marks.

The second subdivision comprehends the Treasury expenditures. The civil list foots up 4,500,000 marks, and receives besides 7,500,000 from the administration of domains and forests. The Crown possesses a considerable private domain organized in 1773.

The public debt requires a sum of 106,974,000 marks. As the surplus earnings of the State's railways amount to a hundred millions, the sum required for the public debt can be had from the profits of the railroads alone. If other surpluses be taken into account, the assets of Prussia will be seen to be far more considerable than her liabilities, and we do not hesitate to affirm that she is in excellent financial condition. The greater part of the debt arises from the building of railroads. The capital of the debt is put at 2,059,681,430 marks, of which 1,422,796,408 are for railroads. In 1822 it did not exceed 540,000,000 marks; in 1866 it reached a milliard.

The two Chambers cost 1,381,150 marks.

The matriculary contribution is fixed at 58,340,838 marks, which is reduced to about fifteen millions by allowing for Prussia's share of the surplus customs and tobacco duties. The treasury expenditures amount to 246,020,665 marks.

The third subdivision of the budget of expenditures is devoted to the administrations. Prussia has ten ministries: of State; foreign affairs; finances; public works; commerce; justice; interior; agriculture, domains, and forests; worship, public instruction, and medical affairs; war.

The extraordinary budget comprises expenditures amounting to 34,079,244 marks.

The following table presents a general view of the budget (receipts and expenditures):

RECEIPTS.		EXPENDITURES.	
<i>Working.</i>		<i>Ordinary.</i>	<i>Extraordinary.</i>
Agriculture, domains, and forests.	76,128,214 ..	37,119,880 ..	2,650,000
Finances.....	250,295,820 ..	37,759,535 ..	339,000
Public works.....	401,553,224 ..	344,915,267 ..	4,208,500
Treasury.....	731,417,865 ..	246,020,665 ..	—
Administrations—			
Ministry of State.....	689,310 ..	2,991,792 ..	—
" foreign affairs.....	4,500 ..	500,570 ..	—
" finances.....	1,662,219 ..	36,768,613 ..	—
" public works.....	1,233,659 ..	16,569,612 ..	15,061,245
" commerce.....	298,603 ..	1,541,075 ..	73,000
" justice.....	6,596,000 ..	78,853,700 ..	2,265,330
" interior.....	3,592,383 ..	40,403,936 ..	1,599,869
" agriculture.....	4,000,340 ..	11,441,635 ..	1,262,000
" public instruction....	2,333,813 ..	50,733,621 ..	6,620,300
" war.....	667 ..	107,472 ..	—
	939,806,617 ..	905,727,373 ..	34,079,244

The ordinary and extraordinary expenditures amount to 939,806,617 marks. Of a budget of 940 million marks, the receipts from taxes do not exceed 243 millions; they represent only twenty-five per cent. of the total budget. The distribution per head of population gives eight marks ninety, and seventeen marks fifteen if the taxes of the Empire be added, which take off about 225 millions in Prussia.

The taxes of the provinces, the *Kreise* or circles, and of the communes must also be taken into account. The Government documents are here less complete. These taxes consist chiefly of small sums added to the direct taxes. For the provinces they represent about one mark, for the *Kreise* two marks, and for the communes five marks forty-two. The large total amount of these additional sums is what most excites the discontent of the taxpayers. A Prussian citizen pays ridiculously small direct taxes, and relatively heavy direct taxes, felt all the more because they are accompanied by considerable local charges. The total general and local taxes do not amount to over six dollars in Prussia, while in France they run up to more than nineteen dollars. The financial difficulties proceed from a bad assessment, a question that has occupied Bismarck since 1848. The great German Chancellor is anxious to secure the financial independence of the Empire. His design is to increase the indirect taxes so as to liberate the States from the matricular contributions and to suppress the *Klassensteuer* in Prussia.

If the small duties on brandy, beer, tobacco, and other articles of great consumption be considered, the justice of the Chancellor's views must be admitted. Public opinion seems to differ with him only on the ways and means. Prince Bismarck proposes the monopoly of tobacco, which has been unfavorably



received in the parliamentary deliberations. The two preponderating elements in Prussia are the bureaucracy and the army. The army is a model of discipline and strength. The bureaucracy, recruited from the best of the nation, is no less remarkable than the army. The future of a country, where the State absorbs all the forces, may well excite certain apprehensions. As the individual initiative is the best social motor, it is to be feared that the exaggerated development of the State may lower the National character. The orators of the Reichstag take this point of view, when they attack Bismarck's financial projects. It seems evident that the German finances must be reformed. This result may be obtained, without putting a monopoly of tobacco in the hands of a Government which already possesses in Prussia 340,000 hectares of land, 2,500,000 hectares of forests, immense industrial establishments (mines, coal-pits, metallurgical works), and about 12,000 kilometers of railroads. It will suffice to raise the duties on the principal beverages of Germany, alcohol and beer, which are now quite insignificant. We believe we have shown the finances of the kingdom of Prussia to be in excellent condition, and in face of the erroneous views promulgated by the press, it seems of use to establish the truth. How many of the general public form their opinion of Germany from the fanciful accounts of M. Victor Tissot's *Voyage au pays des Milliards*?

---

### SENATOR HILL ON SILVER.

The speech of Mr. Hill, of Colorado, on the silver question, delivered in the United States Senate in June last, has attracted much attention and has been published in full in many journals. It is undoubtedly an able presentation of the silver side of the controversy, while its marked candor and fairness effectually protect it against any angry or disrespectful criticism.

It is, perhaps, the leading point of the speech, that whatever may be the relation of market value between gold and silver bullion, there can be no market depreciation of the silver dollar coin below the gold dollar coin, until the coinage of silver dollars exceeds the minimum amount below which the total metallic money cannot be reduced.

There cannot be a discount on the silver dollar when purchased with gold dollars, unless there is at the same time a premium on the gold dollar when purchased with silver dollars, and such a premium on the gold dollar would immediately cause it to disappear as a money in circulation. So long as there are any gold dollars in actual use as currency, the two kinds of metallic dollars will be at a

parity of market value, and the gold dollars cannot all of them disappear until there are enough silver dollars coined to supply what is imperatively needed in the way of metallic money.

These views of Senator Hill merit careful consideration. There never was any good ground for predicting that the coined silver would depreciate when its coinage reached \$50,000,000 or \$100,000,000. As respects the principle of the two cases, the coinage of silver dollars having a bullion value less than that of a gold dollar, is like the issue of irredeemable legal-tender paper, in respect to which all authorities agree that it will not depreciate below coin, until the quantity exceeds that of the previously circulating coin, and until the coin is expelled from use, as it would be and must be when there was a premium upon it as compared with the legal-tender paper. But it has never been regarded as safe to commence the issue of irredeemable paper, because there is not only no possible guarantee that the limit of safety in the amount will not be passed, but all experience shows that that limit, when once reached, is sure to be passed. And why does not the same objection fairly lie against a silver dollar, which is intrinsically less valuable than a gold dollar? The difficulty of arresting its coinage increases as the number already coined is multiplied, and although there is undoubtedly a certain limit, at and within which there will be no depreciation of its market value, Senator Hill fails to point out any security that this limit will not be exceeded.

---

#### MUNICIPAL ECONOMY AND MUNICIPAL EXTRAVAGENCE ILLUSTRATED.

Municipal economy and municipal extravagance, so affected by the prohibition or the permission of the liquor traffic, are illustrated by Vineland, New Jersey, where no liquor is sold, and Yonkers, New York, which allows the sale. In Yonkers there are 145 licensed saloons, and seventy places where liquor is sold illegally. The population of Vineland is about 12,000, and that of Yonkers one-fifth larger. The police appropriation of Yonkers is \$37,000; while in Vineland the constable and overseers of the poor entail an annual expense of only \$75. Yonkers pays a police judge \$4000 and the clerk of the court \$800. No outlay of that sort is required in Vineland. The paupers of Yonkers involve an expenditure of \$12,000; the Vineland paupers cost \$400. The total disbursements for the purposes mentioned are \$53,800 in Yonkers, and \$475 in Vineland. Deducting one-fifth for the larger population of Yonkers and \$43,040 remains, or more than nine times the outlay in Vineland. These facts are worth more than many general assertions in demonstrating the proposition, which, indeed, nobody disputes, that the liquor traffic imposes a serious burden upon communities, especially, when as in Yonkers, a considerable proportion of the saloons are open in violation of law, and presumably are the resort of the worst class of the population.

## ARGENTINE CURRENCY.

On the 5th of November, 1881, the Argentine Congress passed a currency law, the principal articles of which are reprinted in the May, 1882, number of the "Reports from the Consuls of the United States."

The law provides for gold and silver dollars, both of them full legal tender. The value of this new Argentine dollar is reduced from the old standard, so as to be equal to five French francs. The French relation of fifteen and one-half to one between the metals, so dear to the heart of M. Cernuschi, is adopted at the Argentine mint.

The chief peculiarity of this law is the limitation of the coinage of both silver and gold.

Article 4 decrees as follows :

"The coinage of gold shall be limited. The coinage of silver shall not exceed four dollars for each inhabitant of the Republic."

Article 7 decrees as follows :

"The legal circulation of all foreign gold coins will be prohibited as soon as the gold coinage of the National mint shall reach \$8,000,000, and the legal circulation of all silver coins will be prohibited as soon as the silver coinage of the National mint shall reach \$4,000,000."

As will be seen, it is not stated what is to be the maximum amount of the coinage of gold, but only that it "*shall be limited*." The silver coinage is fixed at four dollars *per capita*, which would be equivalent to a limitation of the silver coinage of this country to \$200,000,000.

We have had in the world since 1874 several examples of a limitation on the coinage of silver, for the purpose of keeping it at a market parity with gold, but the Argentine Confederation presents the first case of the imposition of a limit upon the coinage of both metals. This is introducing an entirely novel plan of monetary regulation, and we have not seen any explanation of the peculiar theory of money which has governed the Argentine legislators.

Of course, if the coinage of the metals is limited, there is no longer any necessary correspondence between the value of coins and the value of the bullion out of which they are manufactured. In such a case, the value of coins will depend only upon the particular limitation which the law may impose upon their number.

The actual currency of the Argentine Confederation consists to-day, and always has consisted, principally of paper. At present, this paper is furnished by two banks, and its gold value is now about

\$35,000,000, although its nominal value is vastly greater. A considerable portion is exchangeable for gold and silver at no better rate than four cents on the dollar.

---

## THE FUNDING OF THE REVOLUTIONARY DEBT.

Within two years after enacting the law, Hamilton gave an account of its operation. The time limited by the act for subscribing to the loan had expired, and the secretary joyfully announced the success of the plan. The subscriptions had amounted to \$31,797,481.22. The trustees of the sinking fund had purchased \$1,131,364.76 of the debt, because it could be done very advantageously to the Government. The unsubscribed residue amounted to the sum of \$10,616,604.65. Of this balance, \$6,795,815.26 consisted of registered debt and interest. This portion of the debt was chiefly held by foreign creditors, who had been somewhat tardy in sending their subscriptions. But extensive orders received from them since the expiration of the time limited for receiving the debt, furnished ample proof of their desire to accept the proposal of the Government. Consequently, Hamilton recommended an extension of the time for subscribing to the loan, which was granted.

Another portion of the unsubscribed indebtedness consisted of outstanding or floating evidences of debt, the amount of which the secretary estimated at \$3,697,466.14. Most of this indebtedness was represented by loan-office certificates issued between the first of September, 1777, and March first, 1778. Many of the holders had accepted the offer of the Government and had exchanged their certificates for stock, but some were dissatisfied. They maintained that the indebtedness of the Government to them possessed a greater value than the indebtedness accruing at a later period, and consequently that they ought not to be compelled to exchange their old certificates for new ones, as the act provided, before receiving interest. Regarding the objection not wholly ill-founded, Hamilton urged a slight modification in the funding law, hoping to meet their wishes and thus lead them to subscribe. It was therefore provided that the creditors who had not subscribed to the loan should nevertheless receive the same interest on the sum due to them as other creditors had received to whom a similar sum was due, thus placing the subscribing and the non-subscribing creditors upon the same level in receiving interest. The period for subscribing to the public stock was extended several times, and in the end nearly every creditor subscribed. In 1817 the Secretary of the Treasury reported that the total amount of certificates of all kinds, including indents of interest outstanding, was less than one hundred and sixty thousand dollars.

nearly the whole of which had long been barred by statutes of limitation.

The amount subscribed in the debts of the States reported by Hamilton in February, 1793, was \$17,072,334.39. This was smaller than the amount assumed by \$4,427,665.61. Several reasons existed for not subscribing the balance. The first was, the sum assumed in respect to certain States exceeded the actual amount of their debts. Secondly, in many instances a part of the existing debt was in such a form as to exclude it without violating the law. Lastly, ignorance or forgetfulness of the time limited for receiving subscriptions.

Several of the States were desirous of having the time extended for receiving the debts included within the terms of the law, and with this desire Congress was willing to comply. But when an effort was made to stretch the scope of the law far enough to include all the indebtedness incurred by the States for the common defence instead of adhering to the arbitrary sum of \$21,500,000, the majority of Congress would not consent. Hamilton urged the assumption of the entire amount with great force, and his recommendation was lost in the House by only a few votes.

Obvious justice required the assumption of all the debts thus contracted. Congress, under the confederation, had repeatedly promised to do full justice to all the creditors and States, and their successors had no right to repudiate the promise. The assumption of the claims of State creditors, to whom compensation was due for their efforts in aiding the common cause against Great Britain, was not so much an act of expediency as an act of open and express obligation. There was no honest way of escaping the fulfillment of it. Moreover, the States had granted the exclusive right to the Government of collecting a revenue on imports which was the richest source of public revenue. When the States relinquished the right of levying this tax, they expected that the Government would relieve them from their obligations incurred for the general welfare. To appropriate the richest fountains of taxation belonging to the States, and to refuse the assumption of their war obligations, was harsh treatment and just ground for resentment.

When this portion of the public indebtedness was finally adjusted, the amount assumed for each State was as follows:

New Hampshire.....	\$ 282,595 51	.....	Delaware.....	59,161 65
Rhode Island.....	200,000 00	.....	Maryland.....	517,491 08
Massachusetts.....	3,981,733 05	.....	Virginia and Kentucky	2,934,416 00
Connecticut.....	1,600,000 00	.....	North Carolina.....	1,793,803 85
New York.....	1,183,716 69	.....	South Carolina.....	3,999,651 73
New Jersey.....	695,202 70	.....	Georgia.....	246,030 73
Pennsylvania.....	777,983 48	.....		
Total.....				\$ 18,271,787 47

Thus the amount assumed in the beginning proved sufficient to cover the indebtedness of all the States except Rhode Island and

Connecticut, under the regulations adopted for the admission of debts in favor of the States.

In criticising the funding system, Gallatin displayed greater acuteness than any other critic of the time. "Considering the assumption of State debts as intended solely for the purpose of doing equal justice to the several States, by equalizing their accounts," he says, "it may be demonstrated that, had Congress waited until the settlement of accounts had taken place before any State debts were assumed, they might have produced the same effect by an assumption, in favor of the creditor States, to the amount of \$11,609,259.69, which has been produced by the premature assumption of \$21,789,371.47, which have been actually assumed or funded in favor of the several States; that is to say, that the accounts of the Union with the individual States might have been placed in the same relative situation in which they now stand by assuming \$10,180,111.78 less than have been assumed." Such an adjustment would have equalized the burdens of the States among each other, yet they would have been required to pay more than eleven millions to their creditors, which many believed it was the plain duty of the Government to pay, having appropriated the best sources of revenue formerly possessed by the States. Gallatin did not go so far as to maintain that such an adjustment ought to have been made, though perhaps this inference may be fairly drawn from his writings.

His next criticism is more weighty, and cannot be easily shaken. "Even the warmest supporters of the State debts," he says, "on its most enlarged scale; even those who think that both on the score of justice, and in order to relieve them from a heavy burden it was wise and politic to have assumed the whole of the sum which was actually assumed in favor of the creditor States; even they must acknowledge, that an assumption made at random before the accounts were settled, rendered it unavoidable to assume debts in favor of States which were in fact already indebted to the Union, and that the consequence has been such as might have been foreseen. Thus near \$1,200,000 were assumed for the State of New York, which, when the accounts were finally settled, was found to be indebted to the Union to the amount of more than two millions. It is self-evident," he adds, "that the debts, thus assumed for debtor States, were not due by the United States; that they are a debt unnecessarily constituted and created by the present Government. On the most superficial view of the subject, it appears that \$2,069,565.71 have been assumed for debtor States to the manifest injury of the other States." A twofold reason existed for pressing the assumption of the State debts before there was a settlement of the accounts between the States and the Government. In the first place, the States which were burdened with the heaviest debts were im-

patient for an early settlement, "apprehensive," as Gallatin says, "either that they might not be found creditor to so large an amount as the sums assumed for them, or that if they did not obtain immediate relief, justice might afterwards be denied to them." The other reason was, the strengthening of the Government by rendering all the creditors of the individual States dependent on the Union.

In regard to the debts between the States and the Government, the time for presenting them on either side was continued, and in December, 1793, the Commissioners made their final report. In accordance with the principles adopted by Congress for adjusting this class of accounts, the States were debited and credited as follows:

<i>Creditor States.</i>			<i>Debtor States.</i>	
New Hampshire.....	\$ 75,055	....	New York.....	\$ 2,074,846
Massachusetts.....	1,248,801	....	Pennsylvania.....	76,009
Rhode Island.....	299,611	....	Delaware.....	612,428
Connecticut.....	619,121	....	Maryland.....	151,640
New Jersey.....	49,630	....	Virginia.....	100,879
South Carolina.....	1,205,978	....	North Carolina.....	501,082
Georgia.....	19,988	....		
Total.....	\$ 3,517,584	....	Total.....	\$ 3,517,584

After making this report, Congress enacted that interest on the balances due to the creditor States should be allowed from the last day of December, 1789, for the four succeeding years at the rate of four per cent. per annum, "and that the amount of such interest be placed to the credit of the State to which the same shall be found due upon the books of the Treasury of the United States and shall bear an interest of three per centum per annum," after the last day of December, 1794. In respect to the balances, Congress had already provided for funding them within twelve months from the time they were ascertained "upon the same terms with the other part of the domestic debt of the United States."

Thus the Government faithfully performed its duty toward the States, and funded the balances due to them; but they, on the other hand, were not so faithful. They neglected almost totally to do anything. The Government was powerless to collect the balances in its favor. Had the Government delayed to pay to the States the amount assumed, it might have retained enough to balance every account. It is true that the indebtedness on the one side was somewhat different from that on the other. Yet it may be questioned whether such a course by the Government would not have been strictly just. Unwilling to pay, the Government sought to coax the States by making a new offer. If they would build fortifications and make other public improvements the amount expended would be credited to them against the balances due to the Government. A little over two hundred thousand dollars was spent by New York in fortifying its chief harbor, which was duly credited. The other debtor States did nothing, and fin-

ally all were relieved of their indebtedness to the Government by Congress.

Thus the proposals of the Government had been accepted. The experiment of funding, first set by Florence centuries before, had been repeated with still greater success. A more economical system might have been devised, but crude as this was, the hope of saving the National life was immensely strengthened, while older nations beheld our exhibition of creative political energy with wonder. The darkest cloud in the firmament of the Union had disappeared. The restoration of the public credit was the beginning of a new era. The long dreary period of neglected and broken promises was past.

ALBERT S. BOLLES.

---

### CURRENCY OPINIONS OF GALLATIN.

Among the persons in this country connected with affairs of finance and currency during the first half of this century, there was, perhaps, no man who possessed a greater weight of authority with his contemporaries than Albert Gallatin. After administering the affairs of the United States Treasury Department under Mr. Jefferson and Mr. Madison, he was during the last years of his long life at the head of a great bank in the City of New York. His mental activity was retained to a great age, and, although never a voluminous writer, he wrote frequently upon the current questions of his times.

In a little book published January 1, 1831, entitled *Considerations on Currency and Banking*, he pointed out the dangerous character of the system of bank notes, under no other check upon their amount than that of redeemability in coin, which then existed in this country, and continued to exist until March 3, 1865, when Congress by a supreme act of authority destroyed by taxation the pestiferous power of banks to issue circulating paper, and confined them to the use of such circulating paper as might be issued to them by the National Government.

Gallatin had no prejudices against banks. He was himself a banker in 1831, and he was quite ready to believe that under certain circumstances, which can never be counted upon and rarely if ever exist, banks might exercise the power of issuing paper money in a useful manner. On that point, he said :

Cautious and well-directed banks will always afford great relief in times of pressure, if enabled by the previous prudent administration of their affairs to lend their credit to solvent dealers; which cannot be done without enlarging their issues. If, on the contrary, this has already been done to its utmost extent; if, during a period of high prices and great apparent prosperity, the spirit of enterprise, naturally



excited by that state of things and which required then to be checked, has, on the contrary, been stimulated by incautious loans and consequent issues of paper on the part of the banks, the result will be, and has everywhere always been, as fatal as unavoidable. . . . At the very time when the aid of banks would be most wanted, those institutions . . . are compelled in self-defence to contract their issues and loans, and thus greatly to aggravate the evil. . . . In countries, therefore, the currency of which consists principally of bank paper, banks will have a beneficial or pernicious influence on credit, and on a currency depending on credit, according to the manner in which they may be administered; useful, when their operations, in prosperous times and whilst under their control, are regulated by probity, great discretion and skill; pernicious, when their administration is defective in any of these respects. . . .

Extraordinary drains of specie, occasionally inconvenient when the currency is purely or principally metallic, may be fatal to one which consists of bank notes convertible at will into specie. Supposing the currency of a country to consist of one hundred millions, a drain of twenty millions from abroad would produce great inconvenience, but not beyond that of contracting the currency to that extent, until commerce had supplied the deficiency. But if consisting of bank notes, sustained by twenty millions of specie in the vaults of the banks, the basis being withdrawn, the whole fabric is at once overthrown, and specie payments must be suspended.

As will be seen, Gallatin held that a currency of bank paper, regulated as to amount merely by redeemability in coin, must necessarily be "*pernicious*," unless the operations of the banks "*in prosperous times*" were regulated by "*probity, great discretion and skill*" combined. The steady co-existence in bank management of all those qualities is not to be looked for, and the hopelessness of the case becomes absolute in a country having a great number of independent issuing banks, in which condition of things it would be out of the power of those which were wise and prudent to restrain those which were unwise and imprudent.\* If it is determined to remit the volume of the currency to the "*probity, discretion and skill*" of issuing banks, it is plain that the only chance of success on that line of policy, is to create some central and powerful institution, like the Bank of England or like the National banks chartered in this country in 1791 and 1816. The managers of such institutions would have more or less power to enforce their policy upon minor issuing banks, and, if they possessed the qualifications, each and all of which are described by Gallatin as essential, they would probably exercise their power beneficially. Gallatin himself was in favor of having an institution in this country upon the general plan of the banks chartered by Congress in 1791 and 1816. But

\* Logic, science, experience, history, all teach that the issue and regulation of currency cannot be safely left to innumerable banks scattered over a country like ours, and governed by no other principle than self-interest, or, as Sir Robert Peel expressed it, by competition. No other country surely would think of trusting the supply and regulation of the currency of a people to a combination of banking corporations like those of the United States.

—*Regulation of Currency* (1882) by Hon. A. J. Warner.

the assurance can never be very great that the management of any bank will always be marked by "*probity, great discretion and skill.*" All the experience which mankind have ever had in great banking institutions on the plan of discretionary issues of paper, has been in the cases of the Bank of England, and of the American National banks created in 1791 and 1816, and it has not been of a nature to inspire confidence. Of the second bank in this country (chartered in 1816), it is a matter of established history that it was deplorably mismanaged, both at the commencement and in the last years of its career. In respect to the Bank of England, its policy in the management of its redeemable issues after the specie resumption of 1821 provoked the most persistent and violent criticisms, with the result of the passage of Peel's Act of 1844, which put a complete and final end to its power to affect the volume of the currency in any degree.

On the sound view taken by Gallatin, banks possessing unlimited powers of issue would have the means of affording aid and relief in times of pressure and falling prices, only upon the condition, which nobody knew better than himself to be an impossible condition, that they should have husbanded their resources, curtailed their discounts, and restricted their circulation in times "*of high prices and great apparent prosperity,*" when "*the spirit of enterprise, naturally excited by that state of things, required them to be checked.*"

Lord Overstone, himself a great banker, with no prejudices against the class to which he belonged, but disposed rather to make the fullest allowance for the circumstances and influences surrounding them, said in 1837 in his "*Reflections on the Pressure in the Money Market:*"

The history of what we are in the habit of calling the "state of trade" is an instructive lesson. We find it subject to various conditions, which are periodically returning; it revolves apparently in an established cycle. First, we find it in a state of quiescence; next, improvement, growing confidence, prosperity, excitement, over-trading, convulsions, pressure, stagnation, distress, ending again in quiescence.

Now, during the progress of trade through this circular course, what is the necessary situation and the inevitable conduct of the banker? The connection between him and his customers is necessarily very close and intimate. When confidence is increasing, the spirit of enterprise beginning to expand itself—when hope, in all its forms, is coming into active operation—when prices are rising, profits increasing, and every merchant or tradesman, with a view of benefiting by these circumstances, is desirous of extending his operations, the banker is looked to by his customers to act in concert with them, to facilitate their operations, and to distribute among them all the aid which the extent of his resources enables him to command. It would be difficult to show that it is not his duty, properly understood, to obey this call, and to assist the expanding energies of trade; at all events, it would be practically impossible for him to act otherwise. He must conform to the tendency of circumstances about

him; he must breathe the atmosphere of opinion which surrounds him, and suffer himself to be moved onward by the stream of events in which he is placed. A banker cannot contract his accommodation at a period when the whole trading and mercantile world are acting under one common impetus of expansion. If, under these circumstances, the banker, in addition to what may be called his ordinary and legitimate resources, is also intrusted with the power of issuing paper-money *ad libitum*, is it not inevitable that he should abuse that power? Can we expect that under such circumstances, whilst all his other resources are strained to the utmost for the accommodation of his customers, he will still keep a firm and unyielding restraint over the amount of his issues?

\* \* \* \* \*

We unite in the same body [the Bank of England] functions which, it can easily be shown, are in many cases conflicting, and therefore incompatible, viz., those of ordinary banking business and of regulating the amount of a paper currency. And lastly, to perform these very delicate duties, in every step of which the personal interests of the mercantile, trading and money classes must be immediately affected, we select, not a body of individuals qualified (by their total separation from all such interests) to exercise a dispassionate and disinterested judgment, but, on the contrary, men the most largely engaged in mercantile and moneyed operations, and, therefore, more than any other class exposed, in their private interests, to the immediate effects of any action upon the currency.

Neither Gallatin nor Overstone was able to conceive that the "*wants of trade*," really insatiable as they are, because expanding always as prices expand, could be anything but an element of disturbance, rather than of sound regulation, in fixing the amount of paper issues. They both saw the necessity of a restraint upon that species of demand for money, and they both failed to find it in the discretion of the issuing banks and bankers, whose interests and sympathies were all in the same direction as those of their customers.

After pointing out, in the book already quoted from, the many and great objections to a currency of bank-notes, issued without any other effective limitations than the discretion of bankers and the legal duty of coin redemption, Gallatin proceeded to say:

Considerations of this nature may well have suggested to the committee of the House of Representatives the question, whether a metallic currency would not, in the United States, have been preferable to one consisting of bank notes. We should incline to the affirmative, if the system was not already established, and if we believed that an attempt to return to a pure metallic currency, which could not, without producing great evils, be suddenly carried into effect, was at all practicable.

Of course, the impracticability of substituting "*a pure metallic currency*" for one consisting largely of paper, arises from its involving such a contraction of the volume of money as would fatally depress prices, and completely pervert the equity of the innumerable contracts to pay money which are always in existence in commercial

countries. Gallatin, therefore, turned with manifest favor to another system of money which had been proposed in England, and which seemed to him to promise the steadiness of "*a pure metallic currency*," without that contraction of the volume of money which such a currency would necessitate. Gallatin described the proposed system as follows :

A very ingenious plan was proposed by Mr. Ricardo, and has since been expounded and defended with great talent by Mr. McCulloch, intended to afford security against the dangers to which every system of paper currency heretofore devised is exposed.

It consists in the total exclusion of a metallic currency, (with the exception, perhaps, of the silver necessary for small payments), in making the notes of the Bank of England a legal tender, and in requiring that institution to pay them, on demand, in gold bars of the proper standard. This last provision would be sufficient to prevent any depreciation of the notes; whilst, on the other hand, the gold bars paid by the bank could not, either directly or by being converted into coin, take their place, and add anything to the amount of the currency. Any call on the bank for gold would, therefore, necessarily lessen this amount, and must also necessarily cease whenever this was somewhat less than the amount in value, which is indispensable in England for the payments in currency. . . . The inconvenience of this contraction would not, it seems, be greater than if the currency was purely metallic. Supposing forty millions sterling to be the minimum of the absolutely necessary currency under an unfavorable state of the foreign exchanges, the community would be protected against the danger of any depreciation in the nominal value of the notes; and the bank, under any circumstances whatever, against a drain that could compel it to suspend its payments, provided the value of the gold bars in its vaults was always equal to the excess of its issue over forty millions.

The plan, as Ricardo proposed it, did not contain the suggestion made by Gallatin that the gold (in bars) held by the Bank of England for the redemption of its notes, would only need to be equal to the excess of such notes beyond the amount of money which would always necessarily be kept in use in the channels of circulation, and which he estimated at that time (1831) at forty millions sterling, or \$200,000,000.

On this plan, the currency of England would always be at a parity with its adopted metallic standard (gold); and would fluctuate in amount only at the same times and in the same degree as an exclusively gold currency would fluctuate, that is to say, as gold was imported or exported. It would not, however, be contracted in amount, as it would be if consisting of gold only, but would be permanently enlarged to the extent of the bank notes against which no metal was held.

In short, Gallatin in 1831, either adopted or originated what is substantially the basis of currency regulation, which was afterwards embodied in Peel's Bank Act of 1844. The amount of the "*fixed issue*" of paper not representing metal, suggested by Gallatin, was

forty millions sterling, whereas the "*fixed issue*" under Peel's plan was about thirty millions. It was necessarily less under the latter plan, which left the circulation to consist partly of gold coins and partly of bank notes, whereas the Ricardo plan, which Gallatin explained and presented with manifest favor, gave the function of full legal tender to bank notes only.

Gallatin saw that the volume of bank notes, if left to be controlled by the "*wants of trade*," would expand with "*high prices*" and "*apparent prosperity*," and that at such periods, instead of being checked by "*great discretion*" on the part of bankers, it was much more likely to be still further expanded by "*incautious loans and consequent issues of paper*." If a return to an exclusively metallic money had not been impracticable, on account of the contraction of the volume of the currency which it would involve, he would have preferred the total suppression of circulating paper. It is, therefore, not remarkable, that he favored the plan of Ricardo, which could be so administered as to furnish a currency, fluctuating only as an exclusively metallic money would fluctuate, and which could nevertheless be protected against the contraction which would result from such a money, by the expedient of an issue of a certain amount of paper having no metal held in reserve for it.

In this country, there have been no real banks of issue for more than seventeen years. The unconstitutional creation of paper money by the State banks, was suppressed by the prohibitive taxation of an Act of Congress passed on the 3d of March, 1865. The National banks have never been permitted to issue notes, but only to use such notes as are furnished to them by the Treasury Department at Washington, in such quantities and on such conditions as have been from time to time prescribed by Congress. The nation has thereby resumed its proper authority over its monetary standard, inasmuch as notes actually accepted as a part of the circulating medium, are not mere promises to pay money, but are themselves money, or, as Gallatin expressed it in the book already quoted from :

Whatever commodity or species of paper may, by law or general consent, be universally received in any country, in exchange of every other commodity, and in payment of all debts, is the circulating medium or currency of such country, or in other words, its common standard of the value of all commodities whatever."

A paper money can be kept at a constant parity of value with the metals, and as steady in volume as an exclusively metallic money would be, upon the system of regulation adopted by Great Britain in 1844 and still maintained there, and which, in another form, had commended itself to Gallatin thirteen years previously. That system is, in brief, a fixed issue without any metal behind it, of so much paper as will always be held in the channels of circulation, and the requirement of a metallic reserve of dollar for dollar for all paper in excess of the fixed issue.

Without doubt, a currency so regulated remains subject to all the imperfections and irregularities of an exclusively metallic currency, the fluctuations of which it exactly follows in the times of their happening and in their degree. But no greater reform can be regarded as within practicable reach for a long period to come, and an immense advance will have been made if we eliminate the elements of disturbance inherent in a paper money which is left to be controlled by the "*wants of trade*," or by the discretion of banks.

GEO. M. WESTON.

## CURRENT EVENTS AND COMMENTS.

### QUICKSILVER MINES OF CALIFORNIA.

The following table gives the production of the New Almaden mines, in Santa Clara County, for the year 1881:

<i>Mine.</i>	<i>Total Pro- duction of Flasks.</i>		<i>Mine.</i>	<i>Total Pro- duction of Flasks.</i>
New Almaden.....	26,060	....	Sulphur Bank.....	11,152
Great Western.....	6,241	....	Napa Con.....	5,552
Guadalupe.....	5,228	....	New Idria.....	2,775
Redington.....	2,194	....	Great Eastern.....	1,065
Cloverdale....	208	....	Various.....	376
Total production.....				60,851 flasks

each of 76.50 lbs. avoirdupois.

The production of the old Almaden, in Spain, for 1881, was 50,653 flasks.

A very large proportion of our quicksilver is exported to China, where it is chiefly used in the manufacture of vermilion, and it is well-known that Chinese vermilion is superior both in color and quality to that manufactured elsewhere. Tables compiled from the customs returns on trade for the year 1880 show that the net imports of quicksilver into China were 35,656,933 pounds, valued at \$170,032. There is no trade in native quicksilver, so the vermilion is all manufactured from the imports of that article. Here is a chance to turn some Chinese immigration to satisfactory account, even in California. If it be a fact that the vermilion manufactured in China is of superior quality, could it not be a source of greater profit to those engaged in the manufacture of vermilion in the United States to secure the service of those who have this art in China, and manufacture it at home? By so doing they would create a greater demand for vermilion, not only in China, but in other foreign countries.

### SILK STATISTICS.

The Silk Association of America has published, through Mr. W. C. Wyckoff, its report for the last fiscal year. The imports of silk manufacture in New York alone have reached the unprecedented amount of \$36,432,706, against \$30,501,851 for the year ended June 30, 1881. The raw-silk imports in New York and San Francisco have reached the encouraging amount of 21,682 bales, worth \$13,177,898, against

20,198 bales, worth \$10,885,167, imported last year. The raw silk came chiefly from Japan, and after that in a declining scale from Shanghai, Europe, and Hong-Kong. It will be observed that the amount of imported raw silk illustrates the rise of an interesting and important industry. Many a piece of silk worn in this country has been manufactured at home, though the wearer may think it a Lyons fabric. Mr. Wyckoff's tables do not show the consumption of silk and silk goods in this country, nor the state of the English silk trade; but it is safe to say that in the consumption and manufacture of silk our position is relatively and absolutely a strong one.

#### *ELECTRIC LIGHTING.*

So much progress in the use of the electric light has been made in England that there has actually been a reduction of gas rates. At Leeds, for instance, the charge for gas for light has been put down to fifty cents per 1000 feet, and the engineer of the company supplying the city advises his employers to furnish gas for cooking and heating at twenty-five cents a thousand. In other English cities there is a movement in the same direction. Coal in England is very cheap, and the cost of a plant is, for various reasons, not so great as in this country, but if gas at fifty cents is possible in Leeds, there is a prospect that the screws may be put on American gas extortioners at no very distant day. It would surprise people to learn the size of the profits of the average gas company. One of the greatest mistakes of municipal administration in the United States is that frequent publication of their earnings is not demanded of corporations like gas and railroad companies, to which the people give special privileges.

#### *PETROLEUM.*

One branch of business that is being greatly overdone is the production of petroleum, and the country will live long enough to regret the lavish waste that characterizes its management. It is customary to talk of our forests and coal deposits and oil fields as "practically" inexhaustible, but that does not mean that they will never be exhausted, by a good deal. Hundreds of thousands of gallons of oil drawn recklessly out of the ground in north-western Pennsylvania literally run to waste. There is said to be stored away in the oil regions, waiting for a rise, 30,000,000 barrels of crude petroleum. Prices are down to almost nothing, and yet operators by the score are prospecting, boring wells, and trying to find places so favorably situated that they can get out the fluid at a profit, even on the present scale of rates. Foreign oil fields are being rapidly developed, and yet the market abroad for American petroleum is constantly increasing, showing that more and more generous use is being made of the stuff. The total production of petroleum in Pennsylvania and elsewhere during the year 1859 was 2000 barrels, and the average price per barrel was \$20. During 1881, according to carefully compiled statistics, the production was 26,950,813 barrels, and the average price eighty-five and three-fourth cents per barrel. The total consumption of petroleum during the year 1859 was 500 barrels, it being used largely as a liniment for man and beast. During 1881 the consumption was 21,263,740 barrels. From the discovery of petroleum to the present time, its lowest prices were obtained during 1861, when the average price per barrel was forty-nine cents. The total number of barrels of oil produced since the early discoveries on Oil Creek

is 186,502,798; the total consumption 155,181,437 barrels. In the nine months that ended with March, 414,062,339 gallons of petroleum and its products were exported, against 272,659,344 gallons in the corresponding period of last year.

#### *TIN DISCOVERY.*

A rich discovery of tin has been found in the "Gnome" lode situated in the American basin, on the Lake fork of the Gunnison, in Hinsdale County, just beyond the San Juan County line, Col. A poor prospector commenced work on the mine in 1874. The ore is of two kinds—leaf tin and English or silver tin, carrying also fifty ounces of silver and five ounces of gold. The vein is twelve feet wide, and shows on the surface for 1500 feet. The ore is pronounced by experts in Denver, Pueblo and Washington the richest tin ore ever discovered in this country.

#### *BORDEAUX CANAL.*

A new commission of thirty-eight members has been appointed by the French President to consider the expediency of a canal from Bordeaux to Narbonne, to unite the Atlantic and the Mediterranean. The project has been estimated to cost \$110,000,000. The canal, in that estimate, was to be 250 miles long, with a minimum depth of twenty-seven feet of water. An additional sum would be needed for fortifications at each end. A technical commission investigated the subject, and reported that the canal would cost twice as much as the sum mentioned, while the fortifications would involve a further expenditure of \$45,000,000. The minority of that original commission declared the proposed work impossible, but the majority were of the opinion that the canal could be made. The commission now appointed is composed of senators, deputies, and officials belonging to the principal departments of State.

#### *MINERAL RESOURCES OF THE ARGENTINE REPUBLIC.*

This South American republic, which is made up of the federal union of fourteen States, with their federal capital at Buenos Ayres, aside from its extraordinary wealth in cattle, has unquestionably great mineral wealth as yet undeveloped—gold, silver, argentiferous lead and copper mines, which have generally given very favorable results when worked with ordinary honesty and capacity. Mining has, however, never received the support of native capital, which, up to the present, has been too well satisfied with the profit (30 per cent. per annum) derived from cattle-farming, to undertake the pioneer development of an industry which, if it realizes far greater profits, yet involves greater risks and dead outlay of capital. Mining will, nevertheless, eventually prove to be the greatest source of wealth which this country possesses, and is specially worthy of the serious attention of European investors.

Gold mines are being worked on a small scale and in the rudest manner in the States of San Luis, Mendoza, San Juan, Cordova, and La Rioja. The yield of pure gold obtained from imperfect crushing varies, according to the character of each specific reef and depth of working, from  $1\frac{1}{2}$  oz. to 15 ozs. per ton of quartz or pyrites. Moreover, the alluvial gold deposits or placers situate in the States of San Luis and Jujny give an average yield of  $\frac{1}{16}$ th oz. to  $\frac{1}{4}$  oz. pure gold per cubic yard of pay dirt passed through the sluices. Nothing but capital and honest, capable management is required to ensure durable and lucrative results from gold



mining in the Argentine Republic. Silver and silver-lead mines have been worked to some extent in the States of Cordova, Mendoza, San Juan, San Luis, Catamarca, and Salta, and owing to the inexhaustible volume, accessibility and general richness of the ores, have given solid results whenever smelting facilities have been available within a reasonable distance of the mines. Insufficiency of capital, and consequent absence of methodical and comprehensive working, has seriously retarded the progress of this important branch of National wealth. Copper, quicksilver, nickel, and coal mines have been experimentally worked in different parts of the country; their development, however, will be subordinate to that of the more precious metals, and dependent to a large extent on cheap carriage.—*Mining Record*.

#### PENSIONS.

The following information obtained from a memorandum recently compiled by the Commissioner of Pensions is interesting. The actual amount paid for pensions on account of the late war to March 1, 1882, is \$500,781,950. It is estimated that there are now on the pension-roll the names of 250,000 pensioners of the late war. This does not include 30,000 (estimated) service pensions on account of the war of 1812. The annual value of the 250,000 late war pensions is \$27,500,000, and of the 30,000 war-of-1812 pensions \$2,800,000, or an aggregate annual value in all of \$30,300,000. Estimating the disbursements for May and June, the total paid for pensions during the current fiscal year will not vary much from \$65,000,000. On April 1, 1882, there were on file 217,162 pending claims which, if allowed, would be entitled to arrears. Estimating seventeen and a half per cent. for rejection and \$1,200 as the average arrears in each case, there would be paid, if allowed within the year, the sum of \$214,990,800. There are 53,179 pending claims which were filed subsequent to the limitation imposed by the arrears act, and when allowed, pension commences from date of filing. Deduct seventeen and a half per cent. for rejection, and the average first payment would be one year's pension, at \$110 per case, or \$4,826,030. If the two classes just referred to should be at once added to the roll (223,032), it would increase the annual value of pensions \$24,500,000, which, added to the present annual value (\$30,300,000), would be \$54,800,000.

#### THE COST OF SPARROWS AND RABBITS.

The importation of English sparrows into this country taught us the folly of trying to improve upon old and respectable methods of running the universe; but New Zealand has had to pay dearer for this experience. The introduction of rabbits has cost it hundreds of thousands of dollars every year. Their increase was so rapid that it soon became a question whether the rabbits or the people should govern New Zealand. Last year 8,514,685 rabbit skins, worth \$473,870, were exported; shooting them has not been of use, and recourse was had to poisoning them. Imported English sparrows, larks, and linnets have increased marvelously. Peaches, grapes, and plums cannot be grown for these birds, and they destroy wheat, oats, and barley. Water-cress was transplanted, and it at once began to misbehave itself in the New Zealand streams. It increased in size, damming the streams and spreading up and down the rivers until it has assumed proportions similar to that vegetable growth which in Central Africa stops the waters of the White Nile.

## THE THREE GREAT BANKS OF EUROPE.

All three of these great banks have been, more or less, connected in their foundation with their respective Governments. The Bank of England was founded on the 27th of July, 1694, by royal charter, granted in pursuance of that celebrated Act of Parliament, V & VI William and Mary, cap. 20, which, besides imposing certain taxes on beer, ale, and other liquors, and on the tonnage of ships and vessels, permitted the formation of a bank, in order to allow the whole of its capital to be lent to the Government. I need not take up your time by a reference to the other continuing Acts of Parliament which have carried on the Bank to the present date. The Act now in force is the Bank Charter Act of 1844 (VII & VIII Victoria, cap. 32). The Bank of France is more recent in foundation than the Bank of England. The present constitution of the Bank of France dates from the 24 Germinal, An XI of the first Republic, 14th April, 1803, of the Christian era. Founded as it was by the then First Consul, Bonaparte, Napoleon the First, the stamp of submission to the Government was certain to be marked, as we may say, on every fiber of its frame. This was carried out by the law of 22d April, 1806, by which the Bank of France was reconstituted for the main part on its existing footing. The constitution of the Bank of Germany, by far the most modern of the three banks under our notice, dating as it does only from the Act of the Reichstag of 30th January, 1875, follows in great measure that of the Bank of France. This bank was established to take over and extend the business of the Bank of Berlin—to adapt, in fact, the arrangements which had sufficed for the business of the kingdom of Prussia to the wider requirements of the Empire of Germany. And as this was done while Prince Bismarck was Chancellor of the Empire, we shall find the influence of the power of the Government at least as strongly marked on the constitution of the Bank of Germany as in the case of the Bank of France, and far more distinctly than in the case of the Bank of England. These points will be shown in greater detail when we come to consider the mode of management of these banks, which forms the next head for our consideration.

Here the differences of constitution between the three banks show themselves very clearly. The management of the Bank of England is vested in the Governors and Directors. There is first the Governor, then the sub-Governor, and twenty-four Directors, making twenty-six in all; these are appointed by the proprietary body at large; that is to say, more correctly in practice, their appointment is approved by the body of proprietors assembled in a court held for that purpose. The election of the new Directors is left, as a matter of fact, to the other Directors. The names of the persons chosen by them are submitted to the general body of shareholders, and approved as a matter of course. In theory a great deal might be said against choosing the Directors of a great bank in this manner. In practice it has been found, in the case of the Bank of England, to work extremely well. The Directors of the bank have, as a rule, exercised the trust which they have felt was committed to them with great judgment and with much discretion. The selection they have made for the board, both at

the present time and for many years past, has shown that they have always endeavored to secure the best men they were able to obtain for the post. The new members of the board are, I believe, selected by the whole of the Court of Directors. They are chosen from the chief merchants of the city of London. They are usually appointed when quite young men, as, according to the rotation, some twenty years usually elapse after appointment before a Director is called upon to serve the office of Governor or sub-Governor. It is desirable that the Governor and sub-Governor should be both in the prime of life, as the office may be one requiring the fullest vigor on the part of the holder of it. Hence it is needful that the appointment should be made when the person selected is still young. And I believe that the greatest care is taken to make a good selection. Of course, as no two men are absolutely alike in disposition, habits, and qualities of mind, it will sometimes occur that men not of the highest business capacity are put on the board. This does not matter so much when they are Directors only, but it does matter very much if they happen to be Governors or Deputy Governors during a trying time. For the main responsibility of action is understood to rest with the Governor of the Bank for the time being, and if he is a weak or vacillating man much harm may be done. But in a general way great care is undoubtedly exercised in the choice of the Directors of the Bank by the board. An unwritten law of this description, a tradition handed down and honestly acted up to by successive generations of Directors, is a far better security for the good management of a business than the most elaborate code of ordinances. I would not disparage such ordinances in the least. Continuity of sound practice is essential to the well-being of a bank, but the choice of fit persons for any position can hardly be secured by enactment, though enactments may very suitably prescribe the class of persons among whom the selection is to be made. The Governor of the Bank of England holds the office for two years. The rule is, that he is succeeded in that post by the Deputy Governor, who is appointed at the same date with him, and holds the position for the same term. It has been thought, and I believe with truth, that the original intention of the founders of the Bank of England was, that a permanent head should be appointed. No doubt a great deal may be said both against and in favor of such a practice. That the Governors are appointed for a short term only, secures a continual succession of fresh men, who bring doubtless new ideas and fresh opinions to the post. The appointment, however, of a permanent head, who would naturally take a position next to the Governor for the time being, might be in some respects a very advantageous thing. Much of the good conduct of business depends on long experience, not only of the general course of events, but of the particular class of transactions which have to be carried through. This experience can only be obtained by a long continuance in a particular post, and without any disparagement to the ability and judgment of those who now hold and have held the high offices of Governor and Deputy Governor of the Bank of England, or of their very excellent staff of working officers, I believe that if, while retaining their existing organization in all other respects, they were to appoint a permanent head on a level with the other Directors, the bank would find the advantage of such an arrangement in the general conduct of its business. This opinion was

held by the late Mr. Bagehot, whose knowledge of the working of the money market was very complete, and whose judgment was a very sound one. His words on the subject are as follows:

"I believe that the appointment of a new permanent and skilled authority at the bank is the greatest reform which can be made there, and that which is most wanted. I believe that such a person would give to the decision of the bank that foresight, that quickness, and that consistency, in which those decisions are undeniably now deficient. As far as I can judge, this change in the constitution of the bank is by far the most necessary, and is perhaps more important even than all other changes."—*Lombard Street*, page 237.

A permanent head is part of the organization of the other banks under our consideration. The Governors of the Banks of France and Germany are appointed for life by their respective Governments. The Governor of the Bank of France has usually been a man who has held a high official position under his Government. Thus the late Governor was M. Rouland, who had been a Senator, a Minister, the President of the Council of State—all very high ministerial offices; the present Governor is M. Denormandie, who, at the time of his appointment, was a Senator for life, and had formerly been Deputy for the city of Paris. The class of officials selected may be perhaps even more clearly shown by the fact that at the last vacancy the name of M. Léon Say, the present Minister of Finance, was freely mentioned as of a person not unlikely to be appointed. And though M. Léon Say was then, and is now, Minister of Finance, it was not felt that if he had accepted the Governorship of the Bank of France this would have been a lowering of his official standing.

Besides the Governor of the Bank of France, the two Deputy Governors are appointed by the State. The General Council, which consists of fifteen Regents and three Censors, are elected by the general assembly. This general assembly consists of the 200 largest shareholders in the Bank, who represent the shareholders at large. Five of the fifteen Regents must be chosen from among the manufacturers, traders, and merchants (*manufacturiers, fabricants, ou commerçants*) who are shareholders in the bank. Three of the Regents must be chosen from among the receivers general of the taxes (*receveurs généraux des contributions publiques*). The *receveurs*, or *trésoriers-payeurs généraux*, as they are sometimes called, are the Government, or Treasury, agents in the departments. They are men of high standing, usually wealthy, and have to deposit a large sum as security with the Treasury. The Regents are elected for five years, and the Censors for three; both Regents and Censors are re-eligible when their term of office is completed. The Deputy Governors rank among the Regents, taking their places according to seniority. The Censors may be regarded as perhaps more closely representing a standing committee of audit, than as holding any other position. Their particular duty is to watch over the operations of the Bank. They verify the number and amount of the bills held, and the contents of the safes. They are present when notes are cancelled, and report, separately from the report of the Governor, on these points to the general assembly. They appoint the discount committee, which consists of twelve shareholders carrying on business in Paris. A fourth part of this committee is re-elected annually. The members of this committee are called to assist in the discount operations, in which they have a

deliberative voice (*voix délibérative*). Their appointment by the Censors may be regarded as part of their duty to the shareholders of the Bank. The duty of the Governor is held to be, to see that the laws and statutes of the Bank are constantly executed. It is his duty to watch that "the Bank performs its duty to the State, and towards the commerce and industry of the country." I quote in this the words of M. Rouland, the late Governor of the Bank of France, when giving evidence before the Government Commission of Inquiry on the circulation, held in Paris in 1865.

The governing body of the Bank of Germany is appointed in much the same manner as in the case of the Bank of France. The arrangements, which seem rather complicated to those who, like us, are accustomed to the greater simplicity of proceedings in England, are as follows: A council of administration, called the "bank curatorium," is appointed by the Government to control the proceedings of the Bank. The President of this council is the Chancellor of the Empire (Prince Bismarck) and four paid colleagues. One of these four members is named by the Emperor; the other three by the Federal Council. This council meets once a quarter, and receives a report on the condition of the Bank and everything relating to it; and it has also communicated to it a general statement of accounts of all the business operations undertaken by the Bank, and the regulations made by it. In some respects the Imperial Chancellor acts alone. He is to direct the whole administration under the rules of the Bank Act, to publish the directions for the bank directory and for the branch offices, as well as the rules and instructions for the officials of the Bank. He alone is authorized to introduce a change in any of these regulations and instructions.

The "Imperial Bank Directory" is the official authority by which the Bank is administered and carried on. It consists of a President and a certain number of members; its decisions are made by a majority of the members present. It is subject to the directions of the Chancellor of the Empire in all questions of administration. The President and members of the bank directory are appointed for life by the Emperor, according to the recommendation of the Federal Council.

These arrangements explain the official part of the arrangement of the Bank. The shareholders have the right of being present and taking part in the proceedings of the annual meetings. They are also represented in any business connected with the administration by a central committee chosen among themselves. This central committee consists of fifteen members and as many substitutes, who are chosen from among those shareholders having at least three shares in their names. All these members and substitutes must live within the Empire, and at least nine members and nine substitutes in Berlin. One-third of the members retire annually, but are eligible for re-election. The central committee meets at least once every month, presided over by the President of the bank directory. To the central committee there are to be submitted every month the weekly reports on the state of the discounts, bills, and loans, of the note circulation, the cash in hand, the deposits, purchase and sale of gold, bills, and securities, and the distribution of funds to the branch offices. The statements of the periodical verification of the cash held are also submitted to this committee. The committee may also express an

opinion on the following points, among others: On the balance and the accounts of profits which have been made up to the end of the year by the bank directory, and then submitted to the approbation of the Chancellor of the Empire, who has definitely settled them, and which are communicated to the shareholders at the general meeting; upon changes in the arrangements for salaries and pensions; upon appointments to vacant places in the bank directory (the President's place excepted—on this question the central committee is to be consulted before the Federal Council comes to a decision); upon the amount up to which the funds of the Bank may be employed in loans; upon the rate of discount and the interest of loans, as well as on changes in the principles and on the terms on which credit is given. The continuous special control over the administration of the Bank is exercised by three deputies chosen from the central committee, who hold office for a year, and by three substitutes for the deputies. The deputies are entitled to be present, and to pronounce their opinions, at all the meetings of the bank directory. It is also their right and duty to examine into the course of business, the books and the securities, in the presence of a member of the bank directory. These are the arrangements for carrying on the business at Berlin. The same system is also as far as possible followed in the provinces. In the large cities of the Empire there are principal offices of the Bank. These are under a directory consisting of two members at least, and under the control of a bank commissary named by the Emperor. If there is a sufficient number of shareholders in the place, a provincial committee is formed, with powers corresponding to those of the central committee. A continuous special control is exercised over the business of these offices by two or three deputies in each place, so far as can be arranged for. These arrangements seem to us very complicated, but they are formed to provide for the representation of the interests of the shareholders while leaving the management in the hands of the executive.

The principal on which the governing body of the two foreign banks under our consideration is appointed is thus the same in France and in Germany. The State keeps the real control in its own hands, but the commercial element is represented through delegates chosen by the body of shareholders. The management is apparently more completely in the hands of the State in Germany than in France.

In the case of the Bank of England a freer system prevails. The Government does not intervene in any way in the detail of the management of the bank, and does not appoint any of the officers. The Government in England is merely the principal customer of the Bank of England. The law has also ordained that the notes of the bank shall be a legal tender in England and Wales. The form of accounts published is likewise prescribed by law, and this regulates in some degree the mode of carrying on business. The wishes of a customer so important as the Government, and with whom the Bank is brought into such close and confidential relations, have, doubtless, great weight with the Bank of England, but it is, nevertheless, as a bank, entirely free from State control.

One principal difference between the mode of carrying on business in the three banks under our consideration is, that while the Bank of England has but few branches, both the Banks of France and of

Germany have very many. The Bank of England had no branches at all till the year 1826, when, partly for the accommodation of the Government at such places as Portsmouth and Plymouth, and partly in consequence of a suggestion of Lord Liverpool, that the Bank should extend its operations to some of the larger and more commercial towns in the kingdom, branches were opened in various cities. Some modifications have been from time to time, made among the number of branches of the Bank. In 1855 a branch was opened at Burlington Gardens for the accommodation of the customers of the Bank residing towards the West End of London, and it is quite conceivable that opening more branches in London might be an advantage to the Bank. The Bank of England has now in all ten branches.

The Banks of France and of Germany have had a different duty imposed on them by their statutes and by the law under which they were constituted. We will take the Bank of France first. The law of the 8th of June, 1857, directed that ten years after its promulgation, the Government might require the Bank of France to open one branch in each of the Departments of France in which there was not already a branch office open. In the report published in 1879, it is stated that eighty-six branches had been opened, that four more remained to be opened under the provisions of this law, which received some modifications on 31st December, 1873. Some of these branches, opened in places where no bank carrying on business as the Bank of France does would have planted an office had it not been compelled to do so by the law, have been rather a drag on the prosperity of the Bank than any assistance to it, thus:

In 1875, of 74 branches, 20 were carried on at a loss of	£ 14,977
" 1876, " 76 " 26 " "	16,104
" 1877, " 78 " 41 " "	26,859
" 1878, " 86 " 41 " "	32,444

The net profits realized at the thirty-seven branches which were carried on to advantage in 1877 were £ 62,541, and of the forty-five branches which were in the same position in 1878, £ 94,094. It may be expected that the remaining branches will gradually become more profitable. Some of these branches have only recently been opened, and as each one is charged with its proper share of the preliminary expenses incurred in establishing it, it may very likely be the case that when these special charges have been written off, the branch offices may be able to carry on a generally profitable business. The Bank of France, like the Bank of England, allows no interest on its deposits, and hence it is not to be wondered at if the branches have not succeeded in obtaining any very large sums on deposit. The average amount held on deposit at the branch offices of the Bank of France has been as follows for the last four years:

#### BRANCHES OF THE BANK OF FRANCE.

##### *Average of the Current Accounts.*

1875.....	£ 1,234,960	....	1877.....	£ 1,653,480
1876.....	1,292,640	....	1878.....	1,850,000

The branches of the Bank of France must be considered as established rather for the advantage of the public than of the Bank, when the labor and difficulty of controlling the operations of such a vast number of branches is considered, and the small profits, comparatively, which can be drawn from them.

The Bank of Germany has even a larger number of branches than the Bank of France, as it has 210 branches open. The reports of the Bank of Germany, however, do not give any details as to the results of carrying on business at the branches.

In another very important point the business, both of the Banks of France and Germany, differs very greatly from that carried on by the Bank of England. At the two former banks the amounts of funds derived from the note circulation are larger than those which the Bank of England obtains from this source, as the following figures will show:

## BANK OF ENGLAND.

	<i>Average of note circulation.</i>		<i>Public deposits.</i>		<i>Private deposits.</i>
1875..	£ 27,346,000	....	£ 5,223,000	....	£ 21,190,000
1876..	27,734,000	....	6,793,000	....	23,493,000
1877..	27,895,000	....	5,838,000	....	22,574,000
1878..	28,058,000	....	5,560,000	....	23,229,000

Of these deposits, about one-third was derived from the bankers' balances.

## BANK OF FRANCE.

	<i>Note circulation.</i>		<i>Current accounts (deposits.)</i>		
			<i>Treasury.</i>	<i>Paris.</i>	<i>Branches.</i>
Average of 1876..	£ 99,040,000	..	£ 5,080,000	....	£ 12,630,000
" 1877..	99,870,000	..	5,400,000	....	16,960,000
" 1878..	93,890,000	..	8,160,000	....	15,130,000

Converting the Franc as 25=£ 1.

## BANK OF GERMANY.

	<i>Notes in circulation.</i>		<i>Other liabilities payable on demand.</i>		<i>Liabilities after a given date.</i>		<i>Money liabilities.</i>
1876..	£ 34,243,000	..	£ 7,551,000	..	£ 3,387,000	..	£ 69,000
1877..	34,746,000	..	7,691,000	..	1,188,000	..	327,000
1878..	31,132,000	..	8,565,000	..	668,000	..	188,000

Converting the Reichs Mark as 20=£ 1.

It hence appears, speaking roughly, that the deposits of the Bank of England about equal its note circulation; in the Bank of France they are something like a quarter of the circulation; in the Bank of Germany about a third of the circulation.

The points mentioned, the number of branches and the larger proportion of the note circulation to the rest of the business done, in the case of the Banks of France and Germany, mark the greatest of the difference, perhaps, in the mode of conducting business between the three banks.—*R. H. Inglis Palgrave's Address before the London Institute of Bankers.*

[To be completed in the next number.]

**INTERPRETATION OF NEW BANKING LAW.**—The Treasury Department has decided that the proviso in section eleven of the "Act to enable National banking associations to extend their corporate existence and for other purposes" will entitle holders of the new three-per-cent. bonds to be issued in exchange for extended sixes and fives to perpetuate the original numbers of the new bonds. This interpretation of the law is regarded as very important, as it will relieve those who may secure the low numbers from apprehension that in case they should be called upon to dispose of their bonds the premium would be wiped out, the rule of the department requiring that the highest numbers shall be first subject to call.



## THE NATIONAL BANKING LAW.

The following is the text of the law enabling National banks to extend their corporate existence, and to effect other purposes.

SEC. 1. Be it enacted, . . . That any National banking association organized under the acts of February 25, 1863, June 3, 1864, and February 14, 1880, or under sections 5133, 5134, 5135, 5136 and 5154 of the Revised Statutes of the United States may at any time within the two years next previous to the date of the expiration of its corporate existence under present law, and with the approval of the Comptroller of the Currency to be granted as hereinafter provided extend its period of succession by amending its articles of association for a term of not more than twenty years for the expiration of the period of succession named in said articles of association, and shall have succession for such extended period unless sooner dissolved by the act of shareholders owning two thirds of its stock or unless its franchise becomes forfeited by some violation of law or unless hereafter modified or repealed.

SEC. 2. That such amendment of said articles of association shall be authorized by the consent in writing of shareholders owning not less than two-thirds of the capital stock of the association; and the board of directors shall cause such consent to be certified under the seal of the association by its president or cashier to the Comptroller of the Currency, accompanied by an application made by the president or cashier for the approval of the amended articles of association by the Comptroller; and such amended articles of association shall not be valid until the Comptroller shall give to such association a certificate under his hand and seal, that the association has complied with all the provisions required to be complied with and is authorized to have succession for the extended period named in the amended articles of association.

SEC. 3. That upon the receipt of the application and certificate of the association provided for in the preceding section, the Comptroller of the Currency shall cause a special examination to be made at the expense of the association to determine its condition; and if after such examination or otherwise it appears to him that said association is in a satisfactory condition, he shall grant his certificate of approval provided for in the preceding section; or, if it appears that the condition of said association is not satisfactory, he shall withhold such certificate of approval.

SEC. 4. That any association so extending the period of its succession shall continue to enjoy all the rights and privileges and immunities granted, and shall continue to be subject to all the duties, liabilities and restrictions imposed by the Revised Statutes of the United States and other acts having reference to National banking associations, and it shall continue to be in all respects the identical association it was before the extension of its period of succession; provided, however, that the jurisdiction for suits hereafter brought by or against any association established under any law providing for National banking associations, except suits between them and the United States or its officers and agents, shall be the same as, and not other than, the jurisdiction for suits by or against banks not organized under any law of the United States which do or

might do banking business where such National banking associations may be doing business when such suits may be begun. And all laws and parts of laws of the United States inconsistent with this proviso be and the same are hereby repealed.

SEC. 5. That when any National banking association has amended its articles of association as provided in this act and the Comptroller has granted his certificate of approval, any shareholder not assenting to such amendment may give notice in writing to the directors within thirty days from the date of the certificate of approval of his desire to withdraw from said association, in which case he shall be entitled to receive from said banking association the value of the shares held by him, to be ascertained by an appraisal made by a committee of three persons—one to be selected by such shareholder, one by the directors, and the third by the first two; and in case the value so fixed shall not be satisfactory to any such shareholder, he may appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made which shall be final and binding; and if said reappraisal shall exceed the value fixed by said committee the bank shall pay the expenses of said reappraisal, and otherwise the appellant shall pay said expenses; and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder from said bank; and the shares so surrendered and appraised shall, after due notice, be sold at public sale within thirty days after the final appraisal provided in this section; provided that in the organization of any banking association intended to replace any existing banking association and retaining the name thereof, the holders' stock in the expiring association shall be entitled to preference in the allotment of the shares of the new association in proportion to the number of shares held by them respectively in the expiring association.

SEC. 6. That the circulating notes of any association so extending the period of its succession which shall have been issued to it prior to such extension shall be redeemed at the Treasury of the United States, as prescribed in section 3 of the act of June 20, 1874, entitled "An Act fixing the amount of United States notes, providing for a redistribution of National bank currency and for other purposes," and such notes when redeemed shall be forwarded to the Comptroller of the Currency and destroyed, as now provided by law; and at the end of three years from the date of the extension or the corporate existence of each bank the association so extended shall deposit lawful money with the Treasurer of the United States sufficient to redeem the remainder of the circulation which was outstanding at the date of its extension, as provided in sections 522, 524 and 525 of the Revised Statutes; and any gain that may arise from the failure to present such circulating notes for redemption shall inure to the benefit of the United States; and from time to time as such notes are redeemed or lawful money deposited therefor, as provided herein, new circulating notes shall be used as provided by this act bearing such devices, to be approved by the Secretary of the Treasury, as shall make them readily distinguishable from the circulating notes therefor issued; provided, however, that each banking association which shall obtain the benefit of this Act shall reimburse to the Treasury the cost of preparing the plate or plates for such new circulating notes as shall be issued to it.

SEC. 7. That National banking associations whose corporate existence has expired, or shall hereafter expire, and which do not avail themselves of the provisions of this Act, shall be required to

comply with the provisions of sections 5221 and 5222 of the Revised Statutes in the same manner as if the shareholders had voted to go into liquidation, as provided in section 5220 of the Revised Statutes, and the provisions of sections 5224 and 5225 of the Revised Statutes shall also be applicable to such associations except as modified by this Act; and the franchise of such association is hereby extended for the sole purpose of liquidating their affairs until such affairs are finally closed.

SEC. 8. That National banks now organized or hereafter organized, having a capital of \$150,000 or less, shall not be required to keep on deposit, or deposit with the Treasurer of the United States, United States bonds in excess of one-fourth of their capital stock as security for their circulating notes, and such banks shall keep on deposit or deposit with the Treasurer of the United States the amount of bonds as herein required; and such of these banks having on deposit bonds in excess of that amount are authorized to reduce their circulation by the deposit of lawful money, as prescribed by law; provided, that the amount of such circulating notes shall not exceed in any case ninety per cent. of the par value of the bonds deposited as herein provided; provided further, that all National banks which shall hereafter make deposits of lawful money for the retirement in full of their circulation, shall, at the time of their deposit, be assessed for the cost of transporting and redeeming their notes then outstanding, a sum equal to the average cost of the redemption of National bank notes during the preceding year, and shall thereupon pay such assessment; and all National banks which have heretofore made or shall hereafter make deposits of lawful money for the reduction of their circulation, shall be assessed and shall pay an assessment in the manner specified in section 3 of the Act approved June 20, 1874, for the cost of transporting and redeeming their notes redeemed from such deposits subsequently to June 30, 1881.

SEC. 9. That any National bank association now organized or hereafter organized desiring to withdraw its circulating notes upon a deposit of lawful money with the Treasurer of the United States, as provided in section 4 of the Act of June 20, 1874, entitled "An Act fixing the amount of United States notes, providing for a redistribution of National bank currency and for other purposes," or as provided in this Act, is authorized to deposit lawful money and withdraw a proportionate amount of the bonds held as security for its circulating notes in the order of such deposits; and no National bank which makes any deposit of lawful money in order to withdraw its circulating notes shall be entitled to receive any increase of its circulation for the period of six months from the time it made such deposit of lawful money for the purpose aforesaid: provided, that not more than \$3,000,000 of lawful money shall be deposited during any calendar month for this purpose: and provided further, that the provisions of this section shall not apply to bonds called for redemption by the Secretary of the Treasury, nor to the withdrawal of circulating notes in consequence thereof.

SEC. 10. That upon a deposit of bonds as described by sections 5159 and 5160 except as modified by section 4 of an Act entitled "An Act fixing the amount of United States notes, providing a redistribution of the National bank currency and for other purposes," approved June, 1874, and as modified by section — of this Act, the association making the same shall be entitled to receive from the Comptroller of the Currency circulating notes of different denomina-

tions, in blank, registered and countersigned as provided by law, equal in amount to ninety per cent. of the current market value, not exceeding part of the United States bonds so transferred and delivered, and at no time shall the total amount of such notes issued to any such association exceed ninety per cent. of the amount at such time actually paid in of its capital stock; and the provisions of sections 5171 and 5176 of the Revised Statutes are hereby repealed.

SEC. 11. That the Secretary of the Treasury is hereby authorized to receive at the Treasury any bonds of the United States bearing three and one-half per cent. interest, and to issue in exchange therefor an equal amount of registered bonds of the United States, of the denominations of \$50, \$100, \$500, \$1000, and \$10,000, of such form as he may prescribe, bearing interest at the rate of three per cent. per annum, payable quarterly at the Treasury of the United States. Such bonds shall be exempt from all taxation by or under State authority, and be payable at the pleasure of the United States; provided, that the bonds herein authorized shall not be called in and paid so long as any bonds of the United States heretofore issued bearing a higher rate of interest than three per cent. and which shall be redeemable at the pleasure of the United States, shall be outstanding and uncalled. The last of the said bonds originally issued under this Act and their substitutes shall be first called in, and this order of payment shall be followed until all shall have been paid.

SEC. 12. That the Secretary of the Treasury is authorized and directed to receive deposits of gold coin with the Treasurer or Assistant Treasurers of the United States in sums not less than \$20, and to issue certificates therefor in denominations of not less than \$20 each, corresponding with the denominations of United States notes. The coin deposited for or representing the certificates of deposit shall be retained in the Treasury for the payment of the same on demand.

Said certificates shall be receivable for customs, taxes, and all public dues, and when so received may be reissued; and such certificates, as also silver certificates, when when held by any National banking association, shall be counted as part of its lawful reserve; and no National banking association shall be a member of any Clearing House in which such certificates shall not be receivable in the settlement of Clearing-house balances; provided that the Secretary of the Treasury shall suspend the issue of such gold certificates whenever the amount of gold coin and gold bullion in the Treasury, reserved for the redemption of United States notes, falls below \$100,000,000, and the provisions of section 5207 of the Revised Statutes shall be applicable to the certificates herein authorized and directed to be issued.

SEC. 13. That any officer, clerk, or agent of any National banking association who shall wilfully violate the provisions of an Act entitled "An Act in reference to certifying checks by National banks," approved March 3, 1869, being section 5208 of the Revised Statutes of the United States, or who shall resort to any device or receive any fictitious obligation, direct or collateral, in order to evade the provisions thereof, or who shall certify checks before the amount thereof shall have been regularly entered to the credit of the dealer upon the books of the banking association, shall be deemed guilty of a misdemeanor, and shall on conviction thereof in

any Circuit Court or District Court of the United States be fined not more than \$5000, or shall be imprisoned not more than five years, or both, in the discretion of the Court.

SEC. 14. That Congress may at any time amend, alter, or repeal this Act, and the Acts of which this amendatory.

---

## RECEIPT AND INVESTMENT OF THE GENEVA AWARD MONEY.

The following letter, written by Judge Richardson, of the Court of Claims, but formerly Secretary of the Treasury, in answer to an inquiry concerning the payment of the Geneva award by Great Britain, and how the money was invested, will interest our readers, especially in view of the recent action of Congress providing for the payment of more claims. The letter is addressed to Frank W. Hackett. Judge Richardson, it will be remembered, was at the head of the Treasury Department at the time the money was received and invested.

The circumstances connected with the payment of the Geneva award by Great Britain to the United States and the investment of the money received, about which you inquire in your letter of the 17th instant, are quite fresh in my memory, although they took place nearly nine years ago. The importance of the transaction and the interest manifested by the public at the time, as to how the transfer from London to Washington of \$15,500,000 in gold coin, weighing more than twenty-eight and a half tons, was to be accomplished, and its probable effect upon business, served to impress the details upon my mind.

It was provided by the treaty that, "in case the tribunal find that Great Britain has failed to fulfil any duty or duties as aforesaid, it [the tribunal] may, if it think proper, proceed to award a sum in gross to be paid by Great Britain to the United States for all the claims referred to it; and in such case the gross sum so awarded shall be paid in coin by the Government of Great Britain to the Government of the United States, at Washington, within twelve months after the date of the award." (17 Stat. at Large, 866.)

In September, 1872, the Arbitrators awarded "to the United States a sum of \$15,500,000 in gold, as the indemnity to be paid by Great Britain to the United States, for the satisfaction of all the claims referred to the consideration of the tribunal, conformably to the provisions contained in Article VII of the aforesaid treaty."

The amount awarded became payable in September, 1873. By act of March 3, 1873 (17 Stat. at Large, 601), Congress provided that "immediately upon the payment of the sum of money awarded to the United States by the Tribunal of Arbitration at Geneva, to be paid by the Government of Great Britain, the same shall be

paid into the Treasury, and used to redeem, so far as it may, the public debt of the United States. And the amount equal to the debt so redeemed shall be invested in the five-per-cent. registered bonds of the United States to be held subject to the future disposition of Congress."

During the spring and summer of that year there was manifested through the public press, and otherwise, much anxiety among the bankers and business men of the country, especially in the great financial and commercial center, New York City, lest the transfer at one time of so large an amount of gold might seriously affect and disturb, temporarily, the exchanges and other business relations between this country and Europe. To avoid this anticipated difficulty was a matter of serious consideration. A plan was adopted and successfully carried out, through which the whole amount was paid and invested without making the slightest impression upon the money market or the business of either of the two countries concerned, for a single day.

At that time the Treasury Department was engaged in calling in for redemption the six-per-cent. bonds of the United States, and investing the proceeds, by purchase or exchange, in the five-per-cent. bonds of the funded loan, under the act of July 14, 1870 (16 Stat. at Large, 272). For that purpose it had an agency in London, conducted exclusively by officers of the department who had been sent out from Washington. This agency was made use of to facilitate the receipt and investment of the Geneva award money.

On June 6, 1873, a call was issued by the Secretary of the Treasury for the redemption of twenty million five-twenty six-per-cent. bonds of the loan of 1862. It was the fifth call for the redemption of bonds, and matured September 6, 1873, three months from the date of its issue, in accordance with the terms of the act of July 14, 1870. Four and a half million bonds beyond the amount required for investment of the award money were called, because it had been found by experience that many bonds of every call were not sent in promptly for redemption, but were held by the owners, through want of information or otherwise, until long after maturity of the call. It was thought that of twenty million the fifteen and a half million would be redeemed within the three months.

Most of the coupon bonds of that loan were held in Europe, and could be purchased in or through the London market. On the day of the issue of this call instructions were forwarded to the Treasury agents in London that if parties desired to deposit with them called bonds, or matured coupons (which were practically the same as coin), to the credit of persons in this country, to be applied in payment of money payable to the United States on or after the time of the maturity of the call of that date, they might receive the same, and telegraph, from time to time, the amount so received and the names of the parties to whose credit the deposits were made. The bonds and coupons were to be cancelled and forwarded to the Treasury Department at Washington at the earliest possible moment after receipt. The account was not to be mingled in any way with that of the receipt of bonds and coupons in connection with other funding operations. The amounts payable on account of such deposits were to be accounted for and settled by the Treasurer of the United States, at Washington.

At the same time, the parties who were understood to be employed by the British Government to make the transfer of the

Geneva award money were notified of these instructions, as were also the public, through the journals of the day. Thereupon those parties commenced buying called bonds and matured coupons and turning them over to the Treasury agents in London. Before the expiration of three months, when the award money became payable, they had deposited in the United States Treasury, either directly or through the London agency, the whole fifteen and a half million dollars, and had taken coin certificates for the payment of the same, in different sums, from time to time, as the deposits were made, instead of drawing the coin from the Treasury in payment of their bonds and coupons.

On September 9, 1873, all these certificates were returned and cancelled, and one coin certificate for the full amount was issued to the depositors, and made payable to their order. This they indorsed "to the joint order of H. B. M. Minister or Charge d'Affaires at Washington, and Acting Consul-General at New York. These officers, Sir Edward Thornton, Minister, and Mr. Archibald, Consul-General, indorsed the same to the Honorable Hamilton Fish, Secretary of State, at the State Department in Washington, in payment of the Geneva award; and payment was thus consummated.

Mr. Secretary Fish then indorsed and delivered this certificate to the Secretary of the Treasury, who issued to him therefor one five-per-cent. registered bond of the funded loan for the whole amount. There were no engraved bonds of that denomination, of course, and the one delivered was elegantly written out with a pen, in exact similitude, ornamentation and all, with the engraved bonds of the same loan. This bond has been photographed at the Treasury Department, and many copies have been called for and furnished to persons who desired to preserve them as curiosities connected with a great historical event—the settlement of the "Alabama Claims."\*

Thus you will see that the whole business was done without the payment of actual coin into the Treasury. The bonds and coupons in Europe were bought up with money paid there, not by the United States Government, and, together with those deposited here, were redeemed without the payment of money, but by the issue of coin certificates, which were paid or redeemed in a bond of the funded loan. The transaction was carried on so gradually, extending over a period of three months, that its effect upon exchange or business was too insignificant to attract notice of any kind, if, indeed, it had any effect whatever upon either the one or the other.

As to the arrangements between the British Government and the parties whom it employed to make the transfer of the money from London to Washington, or among those parties themselves, the Treasury Department here had no concern and no knowledge. The United States employed nobody in the business outside of their own officers, and they paid nothing to any one on account of it. They profited by the operation in funding fifteen and a half million dollars of bonds drawing six per cent. interest into a bond drawing only five per cent. interest, and this they did without paying commissions or incurring any expenses whatever.

\*All these facts are matters of record in the Treasury Department, and I have stated only what can be found there by diligent search among the immense archives of that great department.

\*Copies of this bond and the certificate of deposit, with the indorsements thereon, are given in Mr. Hackett's book.

## THE MEAT SUPPLY OF NATIONS.

Europe is no longer able to feed her population. If we sum up the total of grain crops and meat production in the various countries, and compare the same with consumption, we find a deficit of 793,000 tons of meat and 343 million bushels (or eight and one-half million tons) of grain, which must be imported annually from other continents. This is a state of things closely resembling what was predicted many years ago by Mr. Malthus. Moreover, the evil, if such it may be called, is every year increasing; for the cattle of France and the sheep of Great Britain are declining in numbers, and the breadth of land under wheat is diminishing, not only in England, but also in Germany and some other countries. At the same time, the population of Europe has been steadily growing more dense, the annual increase averaging three millions. At present the food supply produced in Europe is equal to about eleven months' consumption, but in a few years the deficit will be, instead of thirty days, nearer to sixty days. As matters now stand, the production and consumption are as follows:

## GRAIN—MILLION BUSHELS.

	<i>Consumption.</i>		<i>Production.</i>
United Kingdom.....	607	....	322
Continent.....	4,794	....	4,736
	<hr/>		<hr/>
Europe.....	5,401	....	5,058

## MEAT—TONS.

	<i>Consumption.</i>		<i>Production.</i>
United Kingdom.....	1,740,000	....	1,090,000
Continent .....	6,372,000	....	6,229,000
	<hr/>		<hr/>
Europe.....	8,112,000	....	7,319,000

It appears, therefore, that the bulk of the deficit corresponds to Great Britain; but it must also be observed that, as the Continent is unable to feed its own population, we must in future look rather to some other hemisphere for the needful supply than to the supposed surplus that Russia, Hungary, Holland, or Denmark will have for disposal. This may at first sight appear to aggravate the evil, and to cause some uneasiness in the minds of many of our readers. It will be seen, however, on examination to be a decided benefit to Great Britain, and to explain in a measure the increase of wealth in this country simultaneous with agricultural decline. The number and tonnage of vessels built last year in Great Britain exceeded anything before known, and reached in round numbers one million tons. The quantity of food brought to Europe during the year exceeded eight million tons, and as the deficit on the Continent increases, so will the carrying trade of our shipping, which is rapidly monopolizing the commerce of the high seas. Our colonies also must benefit enormously by the demand for grain and meat, the production of which, especially in Australia, is on a scale of magnitude sufficient to dazzle Europeans. We know that South Australia raises a ton of wheat



per inhabitant, big and little, and that New Zealand can send home yearly a million frozen sheep almost as easily as a thousand bales of wool. The annual increase of sheep in Australia is seldom under twenty-two millions, one-half of which can be exported. Hence it is manifest that both agricultural and pastoral industry will grow in dimensions and profit with the demand from Europe.

It was the boast of the Americans, as Mr. Consul Murray wrote in 1834, that a day would come when the United States would feed Europe, but in those days Australia was not thought of. At present the Americans have a large population of their own to feed, and the number of sheep and cattle is little more than that of inhabitants. In Australia, on the other hand, each inhabitant may be said to possess twenty-three sheep and three cows. Under such circumstances Australia promises to become the principal market for supplying Europe with meat. The great difficulty of conveyance is overcome, since a seventy-horse engine is able to maintain a temperature of sixty below zero in a chamber capable of holding 10,000 frozen sheep, or 250 tons of dead meat, from New Zealand to Southampton. There are, of course, certain countries in Europe that will for some years have a surplus of meat for exportation, as in fact there are at present only four that have a deficit. But it is to be observed that the consumption of meat per inhabitant is increasing in all countries, owing to the higher wages that manufacturing industry has introduced among the masses. This explains the declining number of cattle (especially in France); while the increase of population every year reduces the ratio of cows and sheep per million inhabitants.

Europe paid last year thirty-five millions sterling for meat from beyond the seas, and eighty-five millions for grain, together equal to a tax of ten millions sterling per month. This may give some idea of the magnitude the question of food supply has assumed in the destinies of this quarter of the globe. In the United Kingdom the importation of meat, including cattle, has risen as follows:

	1860.		1870.		1880.
Tons.....	91,230	..	144,225	..	650,300
Value.....	£ 4,090,000	..	£ 7,708,000	..	£ 26,612,000
Per inhabitant..	7 lbs.	..	10 lbs.	..	40 lbs.

The consumption of meat in the United Kingdom is much larger than in any other part of Europe. In fact, our home-grown supply is sufficient to give us as much as the average for Frenchmen or Germans, as shown in the following table:

	—Meat production per inhabitant, in lbs.—					
	Beef.	Mutton.	Pork.	Total.		
United Kingdom.....	44	..	19	..	69	..
France.....	34	..	12	..	55	..
Germany.....	40	..	11	..	61	..
Russia.....	30	..	12	..	49	..
Austria.....	36	..	10	..	57	..
Italy.....	13	..	4	..	20	..
Spain and Portugal..	19	..	17	..	50	..
Holland.....	51	..	5	..	62	..
Belgium.....	33	..	3	..	44	..
Denmark.....	90	..	17	..	124	..
Sweden and Norway..	56	..	10	..	70	..
Roumania.....	34	..	13	..	66	..
Europe.....	34	..	12	..	55	..

In the above table mutton includes, moreover, goats' flesh. The slaughter is assumed to be twenty-one per cent. of horned cattle, thirty-eight per cent. of sheep and goats, and sixty-seven per cent. of pigs, the difference of weight of carcass being allowed in the various countries. It is needless to trouble the reader with the numbers of each kind of cattle, which may be found in the Parliamentary Abstract. The whole question of meat supply is one of such interest to European nations, but more particularly to Great Britain, that it needs no apology on our part for giving it such prominence, when people's attention seems rather turned to political matters.—*London Daily News*.

---

### INDORSEMENT OF CHECK WHEN PRESENTED AT BANK FOR PAYMENT.

We have frequently received inquiries on this subject, which have always been answered; but we have expressed our regret that we could not refer our correspondents to a case bearing directly on the question. The point it is believed has not been squarely decided until now, though hints have been thrown out by courts and law writers. The views we have maintained are sustained by the Court in the following case, nor have we any doubt that they will be by the higher courts should this case go there for further adjudication. The following decision was rendered by Judge Jones of the Court of Common Pleas, Cuyahoga County, Ohio.

In this case suit is brought by the plaintiff, A. L. McCurdy, against the Society for Savings, on a check drawn by it on the National City Bank of Cleveland for the sum of \$2000 in favor of Killian Slosser or order, and duly indorsed in blank by him. This check was duly presented by an agent of the holder for payment to said City Bank, which then and there had funds of the drawer in its hands, and the bank refused to pay the same unless the person who presented it for payment would indorse it. This the holder refused to do, and at once caused the check to be protested for non-payment, and thereupon the plaintiff brought this suit against the Savings Bank as drawer of the check to test the question involved.

As the holder of a check has no recourse against the drawer of the same until it has been duly and properly presented for payment to the bank upon which it is drawn, and by it dishonored, the question is presented, was there such a refusal to pay, as amounted in law to a dishonor of the check, or, in other words, had the bank a right by law or usage to require the signature of the holder of such a check, or his agent, on its back as a condition of payment? We think there can be no room for doubt that when a promissory note, bill, or check is drawn, payable to any named person or order, and it is endorsed in blank with the genuine indorsement of the payee of the bill, that the title of the note, bill, or check passes by delivery, it is payable to whomsoever becomes the holder of it, that he may bring suit thereon, that payment to such holder

on such blank indorsement is authorized, and that such payment will exonerate the bank when made in good faith; neither is there any good reason to doubt that according to the law merchant, the rights of the holder of such a note, bill, or check so indorsed in blank, by the payee, is substantially the same, so far as the rights of the holder is concerned, as if it had been drawn payable to bearer. Says Mr. Parsons in his third volume on notes and bills, page 17, "such a note indorsed in blank is equivalent to a note payable to bearer." In each case the paper passes by delivery, in each case possession is evidence of ownership, and in each the liability of the bank to pay does not depend at all on who is the owner or holder of it; its only concern is to satisfy itself that the check is genuine, that the signature of the drawer in the one case, and the endorser in the other, is the genuine signature of each. A bank is ordinarily presumed to know the signatures of its own customers and depositors; but it will not be seriously doubted that when a check is drawn on a bank, which is a stranger to the payee and his signature, that the bank is entitled to a reasonable time in which to ascertain the genuineness of the indorsement, before paying a check payable to his order; and, indeed, some of the authorities seem to justify a bank or banker in calling on the holder of such a bill or check, when it is reasonable to do so, to furnish proof that the indorsement is the genuine one of the payee; but in this case neither of these things was required or asked; there was no demand by the bank for proof of the signature, nor for a reasonable delay to satisfy itself of the genuineness of the indorsement, but there was simply an absolute refusal to pay, unless the person who presented the check would indorse it. That this refusal to pay without such indorsement is not justified by commercial law, is, we think, perfectly clear; it is an attempt to limit the negotiability of such paper, and to fix terms and conditions for its payment not warranted by the law or by the drawer of the check, and to which neither he nor the holder is obliged to submit. The implied contract of a bank with its customers is to pay their checks according to the law merchant.

In 20th O. S. R. 234, it is said "The duty of a banker is to pay the bills and checks of his customers, drawn payable to order to the person who becomes holder by a genuine indorsement." This was affirmed in 30th O. S. 1, and the court therein says: "We do not think that the right of the absolute owner of a fund to direct to whom a check drawn upon it shall be paid can be questioned;" and it necessarily follows that any person holding a genuine check with a genuine indorsement of the payee, is entitled to receive his money thereon without becoming an indorser thereof; and a refusal by the bank to pay without such indorsement is such a dishonor of the check as entitles the holder to bring suit against the drawer thereof, unless there is something in the usage hereinafter mentioned to modify the ancient law on this subject.

For it was alleged in this case on the part of the bank, and substantially proved in the trial, that there is now, and for many years last past has been, a local usage among banks and bankers, in all cases where the genuine signature of the payee indorsing the check is not known to the bank, to require the person presenting it, if not known, to be identified, and to indorse it before paying the check or bill to him; and it is probable from the evi-

dence furnished in this case that the usage is broader even than this with many banks, requiring the indorsement whether the signature is known or not. To render a usage of a particular trade or business or particular place valid and binding on the parties, it must be certain, established, uniform, reasonable, and not contrary to law.

And in harmony with these requirements we think it has been substantially settled by a strong line of decisions, that a local or general usage, at a particular place, the effect of which is to abrogate or control the settled general rules of commercial law, is inadmissible, to vary the rights of the parties to a contract. In a recent case in the Supreme Court of the United States, 10th Wallace 391, it is said "it is well settled that usage cannot be allowed to subvert the settled rules of law; whatever tends to unsettle the law, and make it different in the different communities into which the State is divided, leads to mischievous consequences, embarrasses trade, and is against public policy." In *Woodruff v. Merchants' Bank*, 25th Wendell 673, when it was sought to vary the commercial rule of three days' grace, by proof of the usage of the City of New York, Judge Nelson held it inadmissible, and said, "the effect of the proof of this usage, if sanctioned, would overturn the whole law on the subject of bills of exchange in the city of New York," and he added, "if the usage prevailed there it cannot be allowed to control the settled and acknowledged law of the State in respect to this description of paper."

This decision and one similar to it in *Bowen v. Newell*, 4th Seldon 190, was expressly approved by our own Supreme Court in *Morrison v. Bailey*, in 5th O. S. R., page 18, in which Judge Bartley says: "It is also settled in *Woodruff v. Merchants' Bank* and *Bowen v. Newell*, that any supposed usage of banks in any particular place to regard drafts upon them payable at a day certain after date, as checks, and not entitled to days of grace, is inadmissible to control the rules of law in relation to such paper."

If the commercial law in regard to days of grace cannot be varied by proof of such usage, is it not quite as clear that the right of the drawer of a check to have it paid according to his order, or the right of a holder of it to be paid according to its terms without any new contract in regard to its negotiability or payment, cannot be affected or destroyed by such usage? Neither do I think it is clear that the usage is a reasonable one.

What good reason is there why a holder of such a note, bill, or a check shall be required to indorse a paper as a condition of getting his money when he is lawfully entitled to it without such indorsement?

It does not make the person's indorsement genuine if it was in fact forged, it does not increase his liability to the bank in such a case; it may cause the holder, who is frequently a person who has no actual interest in the paper, to wit: an agent's attorney, trustee, etc., to run the risk of a liability by a fraudulent or improper reissue of the note and bill with his indorsement on it; neither can it be fairly justified on the ground that the signature is in effect a receipt of the holder, that he has had the money. First, for the reason that the possession of the bill or check is evidence of its payment.

Second. Because a party having the obligation of paying money cannot insist on a receipt as a condition precedent to payment. In *Longworth vs. Handy*, 1st Disney, 75 Superior Court of Cincinnati, held, "it is no excuse for the refusal of attorneys to pay over money

that his client refuses to give a receipt on settlement; the duty is absolute to pay on demand, and the law imposes no obligation on a party receiving money to give an acquittance."

Third. If it were reasonable to call for a receipt in all instances, it would not follow that there was a right to call for a blank indorsement.

I hold, therefore, that in this case there was a dishonor of the check, and that the drawer thereof is liable.

---

## PLEDGE OF STOCK.

CIRCUIT COURT, EASTERN DISTRICT OF PENNSYLVANIA.

*Hubbell v. Drexel.*

The pledgee of shares of stock, in the absence of a specific agreement to the contrary, is entitled to have the shares transferred to his own name on the books of the company, and where such transfer is made he is not bound to retain the identical shares pledged, so long as he keeps on hand an equal number of similar shares to answer the pledgor's demand on repayment of the loan.

A share of stock is without ear-marks, and undistinguishable from the other shares of the same corporation and issue, the certificates bearing dates and numbers, being but evidence of title.

Bill in equity filed in December, 1880, by W. W. Hubbell against Drexel & Co., to compel the transfer to the plaintiff of 1,702 shares of Pennsylvania Railroad stock.

The case was heard upon bill, answers and proofs, from which it appeared that at different times between March 14th and July 17th, 1877, plaintiff had deposited with defendants various shares of Pennsylvania Railroad stock as collateral security for loans; that on said date a settlement was had by which it appeared that the number of plaintiff's shares so held by defendants was 1,602; that on the same day plaintiff executed to defendants a demand note for the amount of the loans, with condition that upon default the holder might sell the collaterals without further notice, at public or private sale.

It also appeared that shortly after the settlement of July 17th, 1877, the market value of the stock having declined, the defendants called upon the plaintiff for additional margin, and he being unable to furnish it, the defendants, with his consent, sold 600 shares out of the collateral they held. The stock left by the plaintiff with the defendants as collateral was immediately thereafter transferred into their name, and new certificates issued to them.

In September, 1877, it appeared from the testimony that these particular certificates were transferred out of the name of Drexel & Co. into that of sundry other parties; but by the evidence offered by the defendants it appeared that this transfer was made simply for convenience in the deliveries, and that the defendants always had on hand a much greater number of shares, out of which they could have returned to Mr. Hubbell his shares upon the repayment of his loan.

In April, 1878, the defendants having notified the plaintiff to pay his note, upon his default, after due notice, sold the remaining shares at public auction at an average price of twenty-eight and one-

half. After crediting the plaintiff with the proceeds of this sale, there remained an indebtedness due the defendants of \$1,600.

Plaintiff alleged that in the settlement of July 17th, defendants had failed to account for 100 of the shares, and that defendants had agreed not to enforce the condition of the note, but to carry the stock for plaintiff. Plaintiff further charged that the transfer of the stock by defendants to their own names before default, and their failure to retain in their possession the identical shares pledged, was a fraud on plaintiff's rights.

The opinion of the court was delivered by BUTLER, J.:

(After discussing the questions of fact as to the error in the settlement and the agreement to carry the stock, and deciding them in favor of defendants.) The allegation that the defendants procured a transfer of part of the stock to themselves, on the books of the company, immediately on receiving the certificates from him, is immaterial. It was plainly their right to do so. If he desired to avoid this, he should have contracted accordingly. When thus transferred, it was unnecessary and impossible to distinguish between these shares and others held by the defendants. It is of no consequence, therefore, that in selling stock they may have disposed of these particular shares. They at all times had in hand an amount greatly in excess of the shares received from the plaintiff, and were therefore constantly prepared to keep their contract with him. A share of stock is without "ear-marks," and cannot therefore be distinguished, as has just been said, from others of the same corporation and issue. The certificates, bearing dates and numbers, are but evidence of title. On payment of his debt, the plaintiff would have been entitled to a return of the number of shares which the defendants had received—nothing more. Such was the effect of his contract.—*Nourse v. Prime*, 4 Johns. Ch. Rep., 490; *Allen v. Dykers*, 3 Hill, 593; *Gilpin v. Howell*, 5 Barr, 41.

For these reasons the bill must be dismissed, with costs.

McKENNAN, J., concurred.

—*American Law Register*.

---

DECISION CONCERNING FEMALE NATIONAL BONDHOLDERS. —First Comptroller Lawrence, of the Treasury Department, has rendered an important opinion affecting the rights of married women as holders of United States registered bonds. In the case in point, an American lady married to a foreigner, and temporarily residing in the District of Columbia, in January, 1879, purchased with her own means certain registered bonds, which were registered in her name. She became insane in 1881, and was, of course, unable to indorse or collect the checks issued in her name for the payment of interest on her bonds, whereupon her husband claimed the right to collect the checks on his own indorsement, and to have the bonds transferred in his name. Judge Lawrence, in passing upon the claim, admits that when the law of a husband's foreign domicile gives him the right to bonds owned by his wife at the time of marriage, or which came to her by gift afterwards, the husband has a right to the transfer of the bonds in his name, but he also holds that when after marriage bonds are purchased, as in this case, the law in force in the District of Columbia is in effect that the wife is the sole owner of the bonds, and the husband can in no way control them. Judge Lawrence states that at common law a married woman cannot indorse or collect notes payable to her; and though the husband may do so, this rule does not apply to bonds registered in the name of a wife, or to interest checks registered in her name; also that she may, without the consent of her husband, indorse and collect interest checks, and assign and sell Government bonds or collect when due. A guardian or committee may be appointed to collect in the case in point.

## THE THREE-PER-CENT. CIRCULAR.

The Secretary of the Treasury has issued a circular addressed to all holders of three-and-a-half-per-cent. continued bonds in which, after quoting the eleventh section of the Bank Charter Act, authorizing the issue of three-per-cent. bonds in exchange for the three and a halves, he says :

Under the provisions of this law the department will be prepared to receive, on and after the first day of August next, at ten o'clock A. M., until further notice, any of the bonds issued under the act of March 3, 1863, and five per centum bonds issued under the acts of July 14, 1870, and January 20, 1871, continued, as stated above, to bear interest at three and a half per cent. per annum, which have not been called for payment by a call therefor issued prior to the date hereof; and as early as practicable hereafter will issue in exchange therefor a like amount of United States registered bonds, bearing interest at the rate of three per centum per annum, as provided by the act approved July 12, 1882. To effect the exchange, the bonds should be surrendered to the Secretary of the Treasury in accordance with the terms of this circular. They will then be accepted for that purpose in the order of the surrender of them to him, and new bonds, bearing interest at the rate of three per centum per annum, will be issued in the same order in lieu thereof. A letter of transmittal should accompany each package of bonds for exchange, setting forth the purpose for which they are forwarded and giving the address to which the new bonds and checks for the interest thereon shall be sent. When the bonds are already in the custody of this department, or any officer thereof, or are transmitted otherwise than with a letter, a letter advising of the proposed surrender should be sent, complying with the requisites for a letter of transmittal, and with such other requisites as the case demands under the regulations prescribed by this circular. The surrender may be made by mail or by express, and not otherwise, beginning on the first day of August next, at ten o'clock A. M. If made by mail, the postmaster should stamp or otherwise mark upon the envelope containing the bonds, or the letter advising of their surrender, the day, hour, and minute at which received by him. If made by express, the express agent should in like manner stamp or mark the envelope. Bonds held by the Treasurer of the United States in trust for a National bank may be surrendered by letter addressed to the Secretary of the Treasury, accompanied by the treasurer's receipts representing the bonds, together with a resolution of the Board of Directors of the bank authorizing the treasurer to assign the bonds. The priority of surrender will in all cases be determined by the time of receipt stamped or marked on the envelope as above required, except that where two or more envelopes have the same time stamped or marked thereon, the first opened at the department shall have priority. A transmission of bonds, or letter of advice as to them, will not be recognized as a surrender under these regulations unless there is a sufficient compliance with the requirements of this circular, especially as to assignments and authority to assign. Interest on the bonds surrendered will cease on the first day of August next, and the new bonds will bear interest from that date. The envelopes should be addressed to the "Secretary of the Treasury,

Division of Loans, &c., Washington, D. C.," and marked "Bonds for exchange into three per cents." The bonds should be assigned to the "Secretary of the Treasury for exchange into three per centum bonds." Where a new bond is desired in the name of any one but the payee of the old bond, the old bond should be assigned to the "Secretary of the Treasury for exchange into a three per centum bond in the name of" [Here insert the name of the person in whose favor the bond is to be issued.] The department will pay no expense of transportation on bonds received under the provisions of this circular, but the bonds returned will be sent by prepaid registered mail, unless the owners otherwise direct. The requisite blanks to be used by National banks and other corporations and institutions, to enable them to effect the said exchange of bonds, may be obtained upon application at this office.

CHARLES J. FOLGER,  
*Secretary of the Treasury.*

---

### LEGAL MISCELLANY.

MUNICIPAL BONDS—RECITAL THAT STATUTE WAS COMPLIED WITH CONCLUSIVE AS TO BONA FIDE HOLDERS—BURDEN OF PROOF—IMPLIED REPEAL OF STATUTE—IMPAIRING CONTRACT—IRREGULARITIES IN ISSUE CURED BY LEVY OF TAX FOR INTEREST.—(1) A recital made in municipal bonds issued by a county in Illinois that they were issued pursuant to the orders of the board of supervisors (which board was authorized to adjudge whether a vote authorizing the issue of such bonds had been given) as authorized by virtue of the laws of the State of Illinois, held equivalent to a declaration by the board of supervisors, upon the face of the bond, that the election had been held and had resulted so as to authorize the lawful issuing of the bonds. When the bonds are in the hands of a *bona fide* holder this recital is conclusive and binding upon the municipality. *Town of Coloma v. Eaves*, 92 U. S. 484; *Marcy v. Township of Oswego*, id. 637. (2) Where a county had under the law authority to issue bonds, and it did issue them, and they went into circulation and came to the hands of a *bona fide* holder, he is not in a suit upon the bonds required to aver or prove the performance of any of the requisites necessary to give them validity. The want of such performance is a matter of defence, and the burden of proof is upon the county to establish it. *Lincoln v. Iron Co.*, 103 U. S. 412. (3) Where there is no repugnancy or inconsistency between an earlier and a later statute there is no implication of repeal. A statute can be repealed only by an express provision of a subsequent law or by necessary implication. To repeal a statute by implication there must be such a positive repugnancy between the provisions of the new law and the old that they cannot stand together or be consistently reconciled. *McCool v. Smith*, 1 Black 459; *Wood v. United States*, 16 Pet. 342. (4) The adoption of a State constitution does not annul or impair a contract partly performed. *Town of Concord v. Savings Bank*, 92 U. S. 630. (5) Where taxes have been levied to pay, and interest paid on municipal bonds for nine and eleven years, *held*, that this fact would of itself cure mere irregularities in the issuing of the bonds when they were sued on by a *bona fide* holder for value. *Supervisors v. Schenck*, 5 Wall 772. Judgment of U. S. Circ. Ct. S. D. Illinois, affirmed. *County of Clay v. Society for Savings*. U. S. Sup. Ct.



## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. FORGED INDORSEMENT.

A has in his pocket a draft for \$300, payable to his own order, and not indorsed. He tramps over the country in company with B, whom he knows to be a thief. They stop at the city of X for one day, when B persuades A to go on to the city of Z, promising to meet him there. A arrives at Z the next morning, and at once discovers that his draft is gone, and remembers a particular opportunity which B had of taking it—in brief, he knows that B took it the afternoon before. Nevertheless A waits for thirteen days and then notifies the drawer with the request that it notify the drawee, and during the time remains at Z. B remains at X, having assumed the name and forged the indorsement of A. He presents the draft to a bank, which sends it to the drawee for collection, and after thirteen days the money comes and is turned over to him. The forger was identified to the bank as being A, and the bank acted in the best faith. A now sues it, and the bank thinks his negligence, in not notifying drawer at once upon discovery of his loss, prevents a recovery.

Can he recover?

REPLY.—This is an important question and merits careful consideration. It is a well recognized rule of law that the drawee of a bill of exchange or check is bound to ascertain that the person to whom he makes payment is the genuine payee or is authorized by him to receive it. It is no defence against such payee that the drawee, in the regular course of business and with nothing to excite suspicion, paid the bill to a holder in good faith and for value under the indorsement of a person bearing the same name as the payee. *Graves v. American Exchange Bank*, 17 N. Y. 205, is the leading authority on the point and has been often followed.

The drawee is subjected in these cases on the ground of negligence. The law presumes that banks are acquainted with the signatures of their depositors, and that in paying checks drawn by them no mistakes will be made if these are carefully examined. But if the drawer of the check is negligent in regard to it, what then? A very different rule applies.

In the case under discussion it was plainly the duty of the drawer of the check after he discovered what had happened, to give immediate notice to the bank on which it was drawn of the loss. In *Pope v. Nance*, Ala. R. 299, old series, the court said that "where the note, a third person received in payment of a precedent debt, proves to be a forgery, an action will lie on the original consideration as though no payment had been made; but this right of action is under these qualifications: the note must be returned as soon as the forgery is discovered. The plaintiff must place the defendant in the same condition as to his rights on the forged note that he was in when he made payment of it. If the defendant acted in good faith, although the note paid may be a forgery, he is discharged from all liability if the plaintiff has not performed these prerequisites." We do not see why the same principle should not apply between the parties in the matter under consideration. This question was considered at great length and many cases were reviewed in *Ellis v.*

*Ohio Life Ins. and Trust Co.*, 4 Ohio St. 628. Morse well says that "if the payee, holder, or presenter of the forged paper has himself been in default, if he has himself been guilty of a negligence prior to that of the banker, or if by any act of his own he has at all contributed to induce the banker's negligence, then he may lose his right to cast the loss upon the banker." *Bankers and Banking*, p. 331, 2d ed.

---

## II. THE BERESFORD CASE.

In No. I of our last issue we discussed an interesting question relating to the fraudulent negotiation of a draft. The answer given to it has drawn forth the following letter :

Allow me to ask you whether your answer in the case of the pseudo Lord Beresford, in the July No. of the *BANKER'S MAGAZINE*, is not contrary to the well-settled principles of law in regard to negotiable paper?

It is perhaps doubtful whether M, the indorser, could have been made to pay the draft, but you seem to be of the opinion that no one but the pseudo Beresford himself had any legal power to compel the maker of the draft to pay it. The First National Bank of X, it seems, purchased the draft in good faith and for a valuable consideration of the payee, who chose to call himself Beresford, instead of Smith or Jones. Now does the fact that he assumed a name to which he was not entitled affect the question at all? If it does, then a wide door for fraud is at once opened. A man might purchase draft of a confederate, under an assumed name, get some one to cash it, and as according to your ruling no one but the payee could legally enforce payment of it, the cash received for it would be so much clear gain to the maker of the draft and the payee. It seems to me that the L. City Bank was justly compelled to pay the amount. The fact that they received no consideration for the draft and issued it to a person going under an assumed name, could not, I think, affect the rights of third parties.

A more thorough study of this question confirms us in the correctness of our opinion. What did the L. City Bank do? It issued a draft payable to Lord Beresford, who was not a fictitious person, but a real one, well known to the bank. The draft is delivered not to that individual, as the bank supposes, but to some one else claiming to be him. Through a forged indorsement and fraudulent negotiation it gets into the hands of M who sues the maker. What title has M to the instrument? It is derived through a forged indorsement which conveys no right at all. If anything is settled in the law it is the doctrine that a forged indorsement does not pass a title to commercial paper negotiable only by indorsement and does not justify the payment of it. *Talbot v. Bank of Rochester*, 1 Hill 295; *Canal Bank v. Bank of Albany*, Ib. 287. See also Inquiry No. III in last vol., p. 794, and editorial article on "Liability on Lost Notes."

This is not the case of a fictitious payee. In those cases the law regards the instrument as payable to the bearer, and the maker or drawee must pay it to the presenter. Indorsement is not necessary to transfer the title. But in this case the payee is a real person known to the maker, but the draft by mistake is given to the wrong person. Suppose it had been given to Lord Beresford, and he had lost it, and the rascal in the present affair had found it and indorsed Lord Beresford's name to it and received the money; would that prevent the true owner from recovering? We think not.

Since writing the foregoing observations, the 26th vol. of *Kansas Reports* has appeared, containing a similar case to this in all essential regards. The title is *Kohn v. Watkins*, p. 691. It is distinctly decided that where a draft or bill of exchange is made payable to a real person, known at the time to exist, and present to the mind of the drawer when he makes it, as the party to whose order it is to be paid, such draft or bill must bear the genuine indorsement of such payee in order that a *bona fide* holder may recover thereon, although the bill is drawn without the knowledge or consent of the payee through the false representations of a party obtaining it from the drawer by fraud.

The opinion is delivered by Chief Justice Horton, and is an able presentation of the subject. The distinction is clearly drawn between a real payee, existing in the mind of the drawer, and a fictitious payee, having no actual existence. In the former case, an indorsement by the real person is necessary to transfer the title; in the latter, it passes by delivery.

---

### III. INNOCENT PARTIES—WHO SHALL BEAR THE LOSS?

A Company employs a number of workmen and pays them their wages in checks drawn on the Treasurer of the Company. These checks are negotiable paper. The Company have rules governing the workmen and the payment of their wages, one of which is that the Company will not pay any work checks to any person except to the workman in person to whom the same is due.

One of these checks properly indorsed on the back with the name of "J," the payee, was presented by a person representing himself to be "J," the payee, to M Bros., merchants, in payment for goods. The person so presenting the check was a stranger to M Bros., but such checks were often received by them over the counter for goods.

M Bros. knowing the strict rule of the Company in regard to paying out or delivering the checks to the proper payee, nevertheless received the check in payment for goods, which was subsequently presented by them at the proper place and paid. Months afterward "J," the payee, made application to the Company for his check in payment of his dues for work, and he was informed that the check had been delivered to a person representing himself to be the person entitled to it, and that the check had been presented and paid.

"J" denies that he ever received the check or the money, and demanded payment, whereupon the Company wrote to M Bros. and made a demand upon them for the money, the amount of the check, and claim that M Bros. are liable.

Who is liable for the loss, supposing that the payee of the check never received the check nor the money as he claims?

REPLY.—At the outset let us strip this question of some of the facts clinging to it. It would seem that the rule declaring that no checks should be paid except to the persons to whom they were first given was not observed by the Company, inasmuch as it paid these checks to M Brothers, who received them in the course of trade. The simple question then is, who shall bear the loss, the Company or M Brothers? It is our opinion that the general rule of law, that where money is paid by one party to another through a mutual mistake of facts, it can be recovered back, is properly applicable to determine the rights of the parties. The Company can recover of M Brothers, and they of the person from whom the check was received.

## IV. CHARGING BACK A LOST DRAFT.

A keeps an account with a bank, and on a certain day deposits a draft on New York, for the amount of which his account is credited. The draft is remitted, but lost in the mail. Has the bank a right to charge A's account with the amount of the draft?

REPLY.—It has not the right. In the case of the *Metropolitan Nat. Bank v. Loyd*, 32 N. Y. Sup. Court 101, it was held that where a check, due at the time, is indorsed in blank and deposited by the payee upon general account in a bank with which such payee keeps an account, and is, with the payee's knowledge and without dissent on his part, credited in his bank-book as so much cash, the title to such check vests in the bank.

Judge Daniels delivered a very instructive opinion in this case, in which he said: "The check was due at the time when it was deposited and entered, as preceding instruments of a similar nature had been in the customer's account, as so much cash. He was in this instance, as he had been in others preceding, aware of that fact, and in no manner dissented from what had been done, and it was to be presumed, from this circumstance, that the bank received and deposited the check as so much cash, with his consent and under his authority. It was not delivered to the bank for a special or specific purpose, but upon general account, and it was so received and at once carried to his credit as so much money. Where that is the disposition made of such an instrument, with the assent or authority of the depositor, the title to it at once vests in the bank receiving it, and that is held to be the law in the cases already cited. It is from that time at its risk. . . . By the acceptance of the check by the bank receiving it, as so much money, it became the debtor to the customer to the extent of the amount credited on account of it. *Bank of Republic v. Millard*, 10 Wall. 152; *National Mahaiwe Bank v. Peck*, 127 Mass. 298. And while he did not draw checks or drafts against it, but the bank was largely his debtor, he still had the right to do it, if he had been so disposed. The account, including the amount of the check, stood with his assent as so much money subject to his disposal, and because of that circumstance he ceased to be the owner of the check, and the title to it became vested in the bank as its own property, and subject to its risk in case of loss."

## V.

Can the Directors of a National Bank contract with its Cashier for his services for a term of years, or only for a single year?

REPLY.—There is no statute law prohibiting them from making such a contract for a longer period than a year; and so long as none exists, the Directors are not limited to that time.

## VI. INTEREST.

Can interest be collected on a note which contains this clause, "with interest at — per cent. per annum?"

REPLY.—Yes. In *Reid v. Rensselaer Glass Factory*, 3 Cow 393, there is an elaborate review of all the different classes of cases in which interest is allowable.

## BOOK NOTICES.

*Conversations on the Principal Subjects of Political Economy.* By WILLIAM ELDER. Philadelphia: Henry Carey, Baird & Co. 1882.

Dr. Elder is a well-known worker in this department of knowledge. There is nothing strikingly original in his writings, but he possesses the rare and valuable art of presenting his ideas in an interesting manner. Political economy is not a "dismal science" when read from his bright pages.

The work opens with a chapter defining political economy, after which, in a hundred pages, the author traverses over that portion of the economic field which relates to wealth and its growth; man and his occupation of the earth; rent, commerce and trade; population, wages, profits and interest. One of the most interesting chapters in this part of the book is entitled "Substitution," by which is meant "the power of improving our condition by substituting the better and more abundant for the failing supply, or for the less serviceable subjects which we have at command at any time in the progress of our attainments."

The remainder and much larger portion of the work is occupied with the great subjects of money, banking, credit and international trade. It is written in the form of a dialogue, and in the chapter on money standards the author's cardinal idea of money is thus summed up by one of the questioners:

"I understand you to mean that the necessary quantity of money, in any and every form, for domestic uses should be made non-exportable, to preserve it for service, and that the metals, called the precious, will pass for just what they are worth by estimation, like other products, in foreign markets, and so answer all the purposes of barter, while the bank-note representatives or substitutes for coin will get leave to stay at home, because they are not acceptable abroad, and that the retained gold and silver will keep them solvent, provided we take care in our international trade to make our exports at least match our imports."

Another topic, which has not been handled so thoroughly by later writers as it ought to have been, relates to "money of account." No one has ever discussed the subject so ably as Stephen Colwell, but Dr. Elder's chapter will be found very profitable reading.

---

*Alexander Hamilton.* By HENRY CABOT LODGE. Boston: Houghton, Mifflin & Co. 1882.

This is an excellent biography of a man whose real worth and greatness the world is comprehending more perfectly. Just as the stranger utterly fails to get an adequate idea of the grandeur and glory of St. Peter's, at Rome, until he has studied the various parts and their relations, so, in acquiring a true conception of Hamilton, a wide and deep study of his times is necessary before one can realize what a truly great man he was, and what a mighty work he performed.

It is pleasing to note the fruitful study which has been expended in this direction during recent years. Several works have been produced which enable

us to get a better idea of him. One of his sons has done much in this way. John T. Morse, Jr., has written a good biography of him. And now, Mr. Lodge has once more traversed the tempting field. This work is less elaborate than Morse's, but it is comprehensive; his style is clear and pleasant, and he draws a truthful picture of Hamilton's many-sided genius. In the fivefold capacity of soldier, orator, lawyer, financier and statesman, Hamilton is peerless in the long roll of eminent Americans. Our country has produced no one better worthy of study, and Mr. Lodge's compact biography is a first-rate introductory book for giving the reader an insight into the life of this remarkable man.

---

*The Relation of Political Economy to the Labor Question.* By CARROLL D. WRIGHT, Chief of the Massachusetts Bureau of Statistics of Labor. Boston: A. Williams & Co. 1882.

This essay was the first of a course of lectures on "Phases of the Labor Question Ethically Considered," delivered before the Lowell Institute. Col. Wright is one of the very few persons in this country who have studied the labor question from all sides, in the earnest hope of reaching just and true conclusions. He declares that "economics have ruled almost at the expense of ethics," and he seeks to show that moral considerations must have a wider place in political economy if the world is to be benefited by its teachings. Hitherto, the "grab-all" idea has been so prominent that political economy has done but little, if anything, toward working out the rightful solution to this momentous question. The lecture is rich in valuable facts and suggestions.

---

*Manual of the Railroads of the United States for 1882.* Showing their mileage, stocks, bonds, cost, traffic, earnings, expenses, and organizations; with a sketch of their use, progress, influence, etc. Together with an Appendix containing a full analysis of the Debts of the United States and of the several States. By HENRY V. POOR. New York. 1882.

Concerning the value of this work to those for whose use it is especially prepared we need say nothing. It is the only publication of the kind, and from long experience in its preparation the editor has attained to a high degree of perfection. The danger with works of this character is neglect in making the necessary annual revision. But Mr. Poor is evidently alive to the need of gathering the very latest data, and thus maintaining the usefulness of his Manual. The story of our railroad development is a marvelous one; elsewhere may be seen a glimpse of it obtained through this work.

---

*The Source of Value in Money and the Proper Regulation of the Volume of Currency. With Some Account of the Methods of Regulating Currency in Other Countries.* By A. J. WARNER. Philadelphia: Henry Carey, Baird & Co. 1882.

Mr. Warner belongs to that small class of men that are prominent in the political world who study economic questions. Whatever may be said of Mr. Warner's views, no one can deny that he has studied the subject of money with care and an honest purpose to find out the truth. The first principle enunciated by him, it seems to us, is perfectly true, yet is very imperfectly understood by many who glibly speak and write on this question. It is, that the chief value of gold and silver, instead of existing independently of their

money character, is derived from their employment as money. It should be remembered, however, that, while this is true with respect to the precious metals to-day, it has not always been true of them. Originally, their chief value grew out of their use for ornaments; their use as money was an additional function superimposed on them. Had they not possessed value prior to their use as money, they never would have been used for that purpose. But their monetary use has increased with the centuries until now, when it has come to be perfectly true that their chief, though not their entire, value, consists in their use as money. Demonetize gold and silver, and how much value would remain? We have all witnessed the effects of partially demonetizing silver by a few nations. Demonetize both metals wholly, and their value would shrink into insignificance compared with what it is at present.

---

*Third Annual Report of the Department of Statistics of the State of Indiana.*  
Indianapolis. 1882.

The States have been rather slow in recognizing the necessity of collecting annual statistics pertaining to their material and moral development. Massachusetts set the example, and one by one the other States are tardily following. The National Census, valuable as it is, by no means covers the entire ground; besides, it is made only once in every decade, and there is a great deal of work left for the States in gathering statistical information.

The report before us, while capable of considerable improvement, is a noteworthy attempt to do what has hitherto been neglected, and is a highly useful publication. We have been especially interested in the statistics of wages, which it appears were collected under the direction of the County Superintendents of Schools.

---

*The Insurance Year Book, 1882-83.* Carefully corrected to June 15, 1882.  
New York, Chicago: The Spectator Co. 1882.

This work appears in a greatly enlarged form. It is the tenth year of its publication, and with each succeeding edition the publishers have sought to add to its completeness and value. From a small volume it has grown to a goodly size, and long since its worth as a book of reference has been recognized. It contains carefully prepared statistics of home and foreign companies arranged in a convenient manner. There is a preliminary chapter, too, describing the origin and progress of insurance, beside a large quantity of miscellaneous matter relating to the financial, industrial, and agricultural resources of our country.

---

*Proposals for an American Bimetallic Union.* By WILLIAM BROWN. John Lowell & Son, Publishers, Montreal, Canada.

Mr. Brown has written many pamphlets, and always has something to say that repays an attentive perusal. On a future occasion we shall deal more fully with some points made by the author than can be done here.

---

*Mixed Currency; or, the Science of Drawing Interest on What you Owe.* By an American Citizen. Philadelphia: Henry Carey, Baird & Co.

## BANKING AND FINANCIAL ITEMS.

**CALL FOR BONDS.**—The Secretary of the Treasury has issued a bond call for \$16,000,000 of six-per-cent. bonds continued at three and a half from July 1, 1881. The principal and accrued interest will be paid at the Treasury Department on September 13 next, and interest will cease on that day. The following is a description of the bonds: \$50, Nos. 801 to 900; \$100, Nos. 5,501 to 6,506; \$500, Nos. 3,601 to 4,150; \$1,000, Nos. 19,001 to 21,000; \$5,000, Nos. 6,401 to 6,900; \$10,000, Nos. 12,501 to 14,650.

**DIVIDENDS OF BROKEN BANKS.**—The Comptroller of the Currency has declared dividends payable to the creditors of insolvent National banks as follows: May 23, National Bank of the State of Missouri, St. Louis, Mo., eleventh dividend, 5 per cent., making in all 100 per cent.; June 6, First National Bank of Butler, Pa., fourth dividend, 10 per cent., making in all 50 per cent.; June 12, Second National Bank of Scranton, Pa., second dividend, 25 per cent., making in all 50 per cent.; June 20, First National Bank of Tarrytown, N. Y., final dividend,  $5\frac{1}{2}$  per cent., making in all  $90\frac{1}{2}$  per cent.; June 20, First National Bank of Butler, Pa., fifth dividend, 10 per cent., making in all 60 per cent.; July 20, First National Bank of La Crosse, Wis., final dividend,  $3\frac{4}{5}$  per cent., making in all  $48\frac{4}{5}$  per cent.; July 20, German-American National Bank of Washington, D. C., fifth dividend, 10 per cent., making in all 50 per cent.; July 27, The National Bank of Vicksburg, Miss., final dividend, 13 per cent., making in all 48 per cent.

**LIABILITY OF STOCKHOLDERS OF INSOLVENT BANKS.**—An important decision affecting the liability of stockholders of insolvent banks has been rendered by Judge Wallace, in the United States Circuit Court. August Jacobson, as receiver of the insolvent Bank of Chicago, a State institution, sued Joseph Allen and others, as directors and stockholders of the bank, for the recovery of a penalty amounting to double the sum of their holdings in the stock of the bank, the amount recovered to be devoted to payment of the claims of creditors. The defendants demurred to the complaints, insisting that the right to sue for such recovery was a personal right of the individual creditors alone, and not of any receiver or assignee. Judge Wallace sustains the demurrer, saying: "Neither a receiver nor an assignee in bankruptcy, nor an assignee under a voluntary general assignment for the benefit of creditors, each of whom represents creditors as well as the insolvent, acquires any right to enforce a collateral obligation given to creditors, and to be paid to creditors by a third person, for the payment of the debts of the insolvent."

**EXPENSE OF COLLECTING INTERNAL REVENUE.**—During the past six years the Internal Revenue Department of the United States has collected nearly \$800,000,000, at an annual expense of about \$1,500,000. It is erroneously supposed by many that a very large proportion of the internal revenue collected is consumed in paying the salaries of collectors, etc., who are vaguely alluded to as "an army." As a matter of fact, there are exactly 3,197 persons in the Internal Revenue service, and it is much to their credit that during the past six years not one cent has been lost to the Government by defalcations.

**TEN-DOLLAR CERTIFICATES OF 1879.**—A few of the ten-dollar certificates issued in 1879, which are convertible into four-per-cent. bonds, are still outstanding, and the Attorney-General has decided that hereafter, where the accrued interest amounts to fifty dollars, or multiples of that sum, the owners are entitled to receive bonds for the interest as well as for the principal of their certificates. As no payment of interest is made on these certificates until they are converted, those still outstanding carry upwards of three per cent. interest.



**NATIONAL-BANK CIRCULATION,—PROBABLE OPERATION OF THE NEW ACT.**—The Comptroller of the Currency says that, "Since the date of the Attorney-General's opinion on February 23 to the effect that National banks whose corporate existence was about to expire could be put in liquidation, and that the stockholders could form other organizations with the same title, forty-nine banks have placed their affairs in liquidation, and organized new institutions. All of these, except three, organized under the same title under which they had their former corporate existence. These banks all perfected their new organization previous to the passage of the Act of July 12. Of these forty-nine banks thirteen were organized in the New England and Middle States, eleven in Ohio, nine in Indiana and the remainder in other Western States. Since the passage of the Act extending the corporate existence of National banks three have been continued under its provisions. A section of that Act authorizes National banks having a capital of \$150,000 or less to reduce their bonds or deposit to one-fourth of their capital. Thus far only one National bank has applied for a reduction under this section. A large portion of these banks having \$150,000 capital or less are organized in States where the rate of interest does not exceed six per centum. The profit to those banks on their circulation is about one per centum. While many small new institutions will be organized in Western States, where the rates of interest are high, by depositing the minimum amount of bonds, it is not probable that there will be any considerable contraction of the currency under this section. National banks in the aggregate now have 105 millions less of circulation than they would be entitled to under the provisions of the new law, which authorizes all banks to have ninety per centum of circulation upon the amount of bonds deposited. Previous to this Act no *new* bank could have an excess of \$450,000 circulation, and banks whose capital exceeds \$3,000,000 could have only sixty per centum of capital in circulation, and banks whose capital exceed \$1,000,000, and does not exceed \$3,000,000, could have but seventy-five per centum in circulation. Banks having between \$500,000 and \$1,000,000 were entitled only to eighty per centum; but even under these provisions the banks already organized and in operation did not avail themselves of the privilege of circulating notes to the full amount authorized by law, the amount issued being some \$70,000,000 less than the amount they could have obtained by deposit of bonds, as required by law."

The Comptroller says that he does not anticipate any considerable increase in the circulation of the banks under the operations of the Act.

**THE NEW DESIGNS FOR THE NEW NATIONAL-BANK NOTES.**—Previous to the passage of the Act of July 12, 1862, forty-seven new National banks were organized bearing the same title and owned by nearly the same stockholders of the banks which they succeeded. The reorganization of so many National banks with the same titles that they had had under previous organization made it necessary that new National-bank notes be issued to these institutions in order that the circulation accounts of each bank could be closed as rapidly as the old notes should come in for redemption, the law requiring that all banks going into liquidation shall deposit lawful money for their circulation within six months after the date of notice of such liquidation. Accordingly steps were taken some weeks previous to the passage of the late Act for the issuance of notes with new designs. The Comptroller advised with the Secretary of the Treasury, and it was decided that a new five-dollar note should be issued in place of the old one, as that denomination was considered the most objectionable note of the series. Directions for the engraving and printing of the new five-dollar note were accordingly given, having for its distinguishing feature the portrait of the late President Garfield. Comptroller Knox says: "This was deemed appropriate, as the first vote cast by General Garfield in Congress was for the National Bank Act of July 3, 1864, and for the additional reason, that he had always been an earnest friend of the National bank system. In the other denominations of \$10, \$20, \$50, and \$100 there is to be no change in the vignettes, but the seal and the charter number of all the banks are to be printed in brown, instead of red, as heretofore. The borders of the reverse of all the notes are to be printed in brown, with brown lathe work in the centre,

in place of the engravings of the paintings in the Capitol rotunda, as heretofore. The Comptroller says, "much difficulty has been encountered in ascertaining from the fragments of worn notes the particular banks by which they were issued, and upon his suggestion the charter number of the bank to which the note is to be issued is to be repeated six times in the border of each of the new notes of every denomination, and upon the centre of the back of each note the charter number is to be printed in large green figures, so that the notes of each and every bank hereafter issued will have a distinctive feature of its own.

The Comptroller says that he has never believed that the issue of new notes with new designs would have the effect of preventing counterfeiting. An increase in the number of new designs of the same denominations is likely to increase counterfeiting, as has been the case in the numerous issues of the legal-tender notes. The proper remedy, he thinks, to prevent counterfeiting, is this: If a note of a bank be excellently counterfeited all the notes of the denomination so counterfeited should be withdrawn and no more of such notes issued to that particular bank, but in place thereof issue notes of other denominations, and the notes of each bank of the denomination counterfeited should be retired as fast as presented for redemption. New National-bank notes are expected to be issued between the first and 15th of August.

**CONNECTICUT'S NEW BONDS.**—The bids for \$500,000 of the new Connecticut State twenty-year three-and-a-half-per cent. non-taxable bonds were opened at the State House, July 26. The bonds were taken at a premium, the awards being to bidders of 104 to 107.5. The total amount of the bids was \$2,577,000 and the average of the awards was 105.4.

**APPLICATION OF NEW BANKING LAW.**—The Comptroller of the Currency on the 14th of July authorized the extension of the corporate existence of the First National Bank of Findlay, Ohio, for twenty years from the close or business on that day, or until July 14, 1902. The corporate existence of the bank thus extended would have expired at that time, and this is the first bank extended under the new act.

**FIRST NATIONAL BANK OF CHARLESTON.**—At a meeting of the Board of Directors of the First National Bank of Charleston, S. C., held on the 28th of June, 1882, the Hon. Henry Buist offered the following resolutions, which were unanimously adopted:

"The First National Bank of Charleston has had an existence of seventeen years, and its standing now in the financial world is the subject of just pride to all who have ever been connected with it. In all these long years it has passed through many trials and encountered perplexing difficulties, but it has safely combated them and it can with truthfulness be said that it has materially contributed to preserve the credit and advance the prosperity of Charleston. No National bank in the United States in all its departments has been more discreetly and ably conducted, and the high position which it occupies in the business circles of other cities, near as well as remote, reflects honor on the State. A large part of the success which it has achieved is justly due to our honored and esteemed President, Dr. Andrew Simonds, who organized the bank in Washington City in 1865, and is its first and only President.

He has not only faithfully, vigilantly, and ably discharged the duties imposed on him, but by his unswerving zeal and loyalty to its interests and welfare, and not unfrequently by his self-sacrifice and pledge of his credit, has made it a model bank in organization and administration. In view of the facts, and of the long and arduous service of Dr. Simonds, the Board of Directors feel themselves at this time impelled to place this tribute on record."

The bank has a capital of \$250,000, and during its existence has paid in the way of dividends \$700,000, beside \$415,000 for expenses, and \$310,100 as taxes. It has, notwithstanding these payments, a surplus larger than its capital. This certainly is a very remarkable and gratifying exhibit. It is conclusive proof of excellent management.

**THE SIMPSON CHECK CANCELLOR.**—The manufacture of this instrument is continued by Mr. S. J. Meeker, at Newark, N. J., whose advertisement at end of this magazine will be found worthy of attention by banks not yet supplied with the cancellor.

# ANALYSIS OF THE PRINCIPAL OF THE PUBLIC DEBT OF THE UNITED STATES, FROM JULY 1, 1856, TO JULY 1, 1882.

Yr.	3 per cents.*	4 per cents.†	7 3-10 per cents.	5 per cents.	6 per cents.	Total interest-bearing debt.	Annual interest-charge †	Monthly interest-charge.	Debt on which interest has ceased.	Outstanding principal.	Cash in Treasury July 1.	Total debt less cash in Treasury.	Population of the United States.	Debt per capita.
1856 <sup>1</sup>	\$	\$	\$	\$	\$	31,762,761	1,869,445	155,787	209,776	31,972,537	21,066,584	10,915,953	28,083,000	\$ 36.07
1857	—	—	—	3,612,000	28,130,761	28,130,761	1,672,767	139,397	238,872	28,609,831	18,701,210	9,908,621	28,010,000	38.06
1858	—	—	—	3,480,000	24,721,958	24,721,958	1,672,767	139,397	238,872	28,609,831	18,701,210	9,908,621	28,010,000	38.06
1859	—	—	—	23,518,000	21,162,838	21,162,838	1,672,767	139,397	238,872	28,609,831	18,701,210	9,908,621	28,010,000	38.06
1860	—	—	—	37,417,200	21,162,838	58,580,038	3,346,166	266,513	206,099	58,495,837	5,001,603	53,494,234	30,753,000	37.15
1861	—	—	—	43,276,300	34,467,838	77,744,138	3,443,687	286,923	201,449	64,842,287	4,877,885	59,964,402	31,531,331	37.11
1862	—	—	—	33,022,200	57,338,673	90,360,873	5,002,636	414,337	199,999	90,560,873	2,862,212	87,718,660	32,660,000	37.16
1863	—	—	—	33,483,000	57,338,673	90,821,673	5,002,636	414,337	199,999	90,560,873	2,862,212	87,718,660	32,660,000	37.16
1864	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1865	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1866	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1867	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1868	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1869	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1870	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1871	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1872	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1873	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1874	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1875	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1876	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1877	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1878	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1879	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1880	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1881	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14
1882	—	—	—	30,483,000	57,338,673	87,821,673	4,848,504	400,000	199,999	87,821,673	2,862,212	84,959,461	32,704,000	37.14

\* Three and a half per cents. † \$460,661,050. These are the five and six-per-cent. bonds issued under Acts of July 17 and August 5, 1861, March 3, 1863, July 14, 1870, and January 20, 1875, continued at three and a half per cent.

† The annual interest-charge is computed upon the amount of outstanding principal at the close of the fiscal year, and is exclusive of interest charges on Pacific-Railway bonds.

‡ The statement of population for 1860, 1870, and 1880, is by enumeration; and for other years from estimates prepared by Professor E. B. Elliott, Government Actuary.

§ The figures for July 1, 1879, were made up, assuming pending funding operations to have been completed.

¶ The Temporary Loan, per Act of July 1, 1862, is included in the four per cents. from 1863 to 1869, inclusive, with the exception of the amount outstanding for August 31, 1866, this being the date at which the public debt reached its highest point. This loan bore interest from four per cent. to six per cent., and was redeemable on ten-days notice after thirty days; but being constantly changing, it has been considered more equitable to include the whole amount outstanding as bearing four per cent. interest on an average for the year.

\* July 1. † August 31.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from July No., page 76.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ARK....	Newport.....	Jackson County Bank..... (L. Hirsch & Co.)	Fourth Nat'l B'k, <i>St. Louis</i> Samuel Heller, <i>Cas.</i>
COL....	Alma.....	Bank of Alma. (Hathaway & Arthur.)	
"	Villa Grove.....	G. B. Carstarphen.....	
DAKOTA	Aberdeen.....	Hagerty & Pierce.....	Chemical National Bank.
"	Ashton.....	C. B. Billingham.....	
"	Chamberlain..	Bank of Chamberlain.....	
"	De Smet.....	Bank of De Smet.....	
"	Frederick.....	J. H. Carroll, <i>Pr.</i> W. N. Carroll, <i>Cas.</i>	
"	Huron.....	Bank of Frederick... (J. L. Dow, <i>Cas.</i> )	First N. B., <i>St. Paul.</i>
"	"	Farmers & Merchants' B'k (Guiteau & Deischer.)	"
"	"	Stevens & Walling.....	American Exchange Nat'l B'k.
"	Redfield.....	Bank of Redfield..... D. R. Miller, <i>Cas.</i>	
"	"	F. A. Dawes.....	
"	Wahpeton....	Bank of Wahpeton.. (W. J. Vandewer & Co.)	
D. C....	Washington..	William Mayse & Co.....	Hanover National Bank..
IDAHO..	Ketchum.....	J. M. Burrett & Co.....	
"	"	J. O. Swift & Co..... T. E. Clohecy, <i>Cas.</i>	
ILL....	Stillman Valley	Stillman Valley Bank.....	
"	"	James H. King, <i>Pr.</i> Chester Brown, <i>Cas.</i>	
IND....	Bremen.....	Exchange Bank.... (J. R. Deitrich & Co.)	
"	Roann.....	Exchange Bank... (D. Van Buskirk.)	
IOWA..	Allison.....	Bank of Allison... (Perrin, Ridgeway & Co.)	
"	Alton.....	Bank of N. W. Iowa.. (Pitts, Tucker & Kessey.)	
"	Bedford.....	Crum & Walker.....	
"	Bonaparte.....	Farmers and Traders' B'k.	National Park Bank..
"	Calliope.....	Bank of Calliope.....	
"	"	Robert Hale & Co.....	
"	Coin.....	Bank of Coin.....	
"	Correctionville.	Bank of Correctionville.. (T. A. Pierce & Co.)	
"	"	Sioux Valley Bank.....	
"	Dowes.....	Graham's Exchange Bank.	
KANSAS.	Burlington...	Wm. H. Shea.....	
"	Chanute.....	Chanute Bank..... (C. T. Ewing.)	Gilman, Son <sup>2</sup> & Co.
"	Cyrus.....	Citizens' Bank..... (J. E. Davis.)	
"	Dodge City....	Bank of Dodge City.....	Donnell, Lawson & Simpson.
"	"	Geo. M. Hoover, <i>Pr.</i> Richard W. Evans, <i>Cas.</i>	
"	Harper.....	Thompson & Walton....	Importers and Traders' Nat'l B'k.
"	Miltonvale....	Citizens' Bank.....	Bank of Kansas City, <i>Mo.</i>
"	"	S. D. Hathaway, <i>Pr.</i> A. A. Stowe, <i>Cas.</i>	
"	Neosho Falls..	Neosho Falls Bank.....	Donnell, Lawson & Simpson.
"	"	(Haughawout & Goodrich.)	
MAINE..	Houlton.....	First National Bank.....	
"	"	\$50,000 Walter Mansur, <i>Pr.</i> Wm. C. Downell, <i>Cas.</i>	
MICH... Hartford.....	Hartford Exchange B'k. (G. W. Merriman.)	Chase Nat'l B'k.	
"	Mt. Clemens..	Ullrich & Crocker.....	Chemical National Bank.
MINN... Pelican Rapids.	Bank of Pelican Rapids..	Kountze Brothers.	
"	"	\$25,000 R. L. Frazee, <i>Pr.</i> J. P. Wallace, <i>Cas.</i>	
"	St. James.....	Bank of St. James.. (M. K. Armstrong.)	
MO.... Blackburn.....	Bank of Blackburn.....	Donnell, Lawson & Simpson..	
"	"	A. H. Shindler, <i>Pr.</i> C. Kincaid, <i>Cas.</i>	
"	Higginsville..	Bank of Higginsville.....	
"	"	\$15,000 Jackson Corder, <i>Pr.</i> Charles Hoefer, <i>Cas.</i>	
MONT.. Helena.....	Second National Bank....		
"	"	\$75,000 E. D. Edgerton, <i>Pr.</i> A. E. Bunker, <i>Cas.</i>	

<i>State</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
NEB....	Hebron.....	First National Bank.....	
	\$50,000	B. S. Ferris, <i>Pr.</i>	F. L. Gibbs, <i>Cas.</i>
" ..	Lincoln.....	Lincoln National Bank....	
	\$100,000	Jacob E. Houtz, <i>Pr.</i>	Joseph J. Kelly, <i>Cas.</i>
" ..	North Bend....	Dowling & Purcell.....	Kountze Brothers.
" ..	Weeping Water	Commercial Bank.....	Kountze Brothers.
N. Y....	Franklinville...	Farmers' National Bank...	Chase National Bank.
	\$52,000	John Napier, <i>Pr.</i>	William J. Weed, <i>Cas.</i>
N. C....	Oxford.....	Bank of Oxford.....	Bank of New York N. B. A.
	\$24,000	H. C. Herndon, <i>Pr.</i>	C. S. Easton, <i>Cas.</i>
OHIO...	Lynchburg.....	Lynchburg Bank.....	United States Nat'l B'k.
		Isma Troth, <i>Pr.</i>	Harry Glenn, <i>Cas.</i>
" ..	S'th Charleston	Farmers' National Bank..	Imp. and Tra. Nat'l B'k.
	\$50,000	A. D. Pancake, <i>Pr.</i>	M. Clark, <i>Cas.</i>
PENN...	Middletown....	Farmers' Bank.....	Continental National Bank.
	\$50,000	Benj. S. Peters, <i>Pr.</i>	Lee H. Nissley, <i>Cas.</i>
TEXAS..	Henrietta.....	C. W. Israel & Co.....	

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from July No., page 74.)

NEW YORK CITY .....	R. S. Elliott & Co.; admit Edward S. Bisland.
" " " .....	H. A. Hurlbut, Jr., & Co.; admit Emil Von Destinon. A. W. Kilbourne retires.
" " " .....	Robert Winthrop & Co.; admit Mark T. Cox. Francis Winthrop retires.
COL....	Fairplay..... Hathaway's Bank; now Hathaway & Arthur.
" ..	Georgetown... Merchants' National Bank; now Merchants' Bank. Joshua S. Reynolds, <i>Pr.</i> M. G. Huntington, <i>Cas.</i>
" ..	Leadville..... City Bank; recently incorporated. Same management.
DAK ...	Egan..... Bank of Egan (Grigsby & Smith); now G. M. Smith & Co.
" ..	Yankton..... Yankton Bank (Edmunds & Wynn); now Edmunds, Hudson & Co.
ILL....	Jonesboro ..... E. A. Willard; missing. Bank closed.
" ..	Marion..... Pace, Goddard & Co.; now L. A. Goddard.
" ..	Monmouth..... First National Bank (85); reorganized as 2751. Same officers and capital.
" ..	Mt. Pulaski.... Scroggin & Sawyer; now Scroggin & Son.
" ..	Saybrook..... W. H. Schureman & Co.; now C. S. Schureman & Co.
IND ....	Bourbon..... J. K. Lawrence & Co.; now two firms—J. K. & P. M. Lawrence, and J. H. Matchett & Co.
" ..	Michigan City. First National Bank (2101); reorganized as 2747. Same officers. \$250,000.
" ..	Terre Haute.... First National Bank (47); reorganized as 2742. Same officers. \$200,000.
IOWA...	Ackley..... Lusch, Carton & Co.; now John C. Lusch.
" ..	Garrison..... Reeve and Butterfield; now J. B. Reeve.
" ..	Iowa City..... First National Bank (18); reorganized June 24 as 2738. Same officers and capital.
" ..	Kellogg..... T. Packard; succeeded by Burton & Cassell.
" ..	Marble Rock.... Shepardson Bros.; now J. B. Shepardson.
" ..	Marion..... First National Bank (117); reorganized July 12 as 2753. Same officers and capital.
KANSAS.	Atchison..... Exchange Bank of Wm. Hetherington & Co.; now Exchange Nat'l Bank. Same management. \$100,000.
" ..	Oswego..... Hobart & Condon; now C. M. Condon.

- KY..... Newport..... First National Bank; paid capital increased to \$200,000.  
 " .. " .. James Taylor & Sons; business transferred to German National Bank.
- MAINE.. Bath..... First National Bank; (61); reorganized June 30 as 2743. Same officers. \$100,000.
- MD..... Baltimore..... Frank, Rosenberg & Co.; Lewis Rosenberg, deceased. Now Alexander Frank and Simon Rosenberg. Same style.
- MASS... Boston..... G. P. Baldwin & Dillaway; now Dillaway & Stearns. Change of title only.  
 " .. Worcester..... First National Bank; capital \$300,000. Surplus \$135,000.
- MICH... Roscommon.... Brown & Flower; removed to Menominee. Same correspondents.
- MINN... Glenwood..... J. G. Whittemore & Co.; closed. Business continued by B'k of Glenwood. A. Webster, *Pr.* P. Peterson, *Cas.*
- MO..... Kansas City... Kansas City Savings Association; now Bank of Commerce.  
 " .. Lee's Summit... A. H. Powell & Son; dissolved. A. H. Powell continues.
- MONT... Miles City..... Merchants' and Drovers' Bank; now First National Bank. Same officers and capital.
- NEB... Falls City..... Reuel Nims & Co.; now First National Bank. \$500,000. S. B. Miles, *Pr.* Reuel Nims, *Cas.*
- N. C.... Elizabeth City.. Albemarle Bank; closed.
- N. Y... Cattaraugus.... Cattaraugus Banking Company; assigned to George Straight.  
 " .. Havana..... Havana National Bank; now Havana B'k. Same officers.  
 " .. Otto..... Otto Bank; reported assigned.  
 " .. Penn Yan..... First National Bank; surplus \$25,000.  
 " .. Silver Creek... Huntley, Holcomb & Heine; now Holcomb & Heine.  
 " .. Whitehall..... First National Bank; in liquidation.
- OHIO... Alliance..... First National Bank; succeeded by Alliance Banking Co. Same management.  
 " .. Ottawa..... C. H. Rice & Co.; now A. V. Rice & Co.  
 " .. Toledo..... Commercial National Bank; now Commercial Bank. C. H. Coy & Co.
- PENN.. Philadelphia... Wm. H. Shelderdine & Co.; now Stevens & Moore.  
 " .. " .. W. H. Tevis & Co.; George A. Huhn retires. Style unchanged.  
 " .. Pittsburgh.... First National Bank (48); reorganized June 30 as 2745. Same officers and capital.  
 " .. Harmony..... Harmony National Bank; in liquidation.  
 " .. Hollidaysburg.. First National Bank (57); reorganized June 30 as 2744. Same officers and capital.  
 " .. ParkersLanding Parker Savings Bank; assigned.
- R. I.... Providence.... Liberty Bank; in liquidation.
- TEXAS.. Colorado..... J. Riordan; deceased.
- VA..... Lynchburg..... People's Bank; now People's National Bank. Same management.  
 " .. Richmond..... Bank of Commerce; suspended.  
 " .. " .. State Bank of Va.; capital \$300,000. Surplus \$21,055.  
 " .. Wytheville..... Lynchburgh Fire Insurance Co.; succeeded by Bank of Wytheville. Geo. R. Dunn, *Pr.* J. G. Brown, *Cas.*
- Wis.... Eau Claire.... Clark & Ingram; now Eau Claire National Bank. Orrin H. Ingram, *Pr.* Wm. K. Coffin, *Cas.* \$100,000.  
 " .. Janesville..... First National Bank (83); reorganized July 1 as 2748. Same officers and capital.
- QUE... Montreal..... Merchants' Bank of Canada; reserve fund \$750,000.

---

MR. D. P. FACKLER—Actuary in Life Insurance matters and Auditor for Corporations—has removed to 20 Nassau Street.

## CHANGES OF PRESIDENT AND CASHIER.

( Monthly List, continued from July No., page 73. )

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ALA....	First National Bank, Montgomery.	J. C. Stratford, <i>Act'g Cas.</i>	C. J. Campbell, <i>Cas.</i>
CAL....	Fresno County Bank, Fresno	C. G. Hinds, <i>Acting Cas.</i>	W. V. Hay, <i>Cas.</i>
COL....	City Bank, Leadville.....	Thomas B. Hill, <i>Cas.</i>	S. M. Strickler.
CONN...	National Pahquioque Bank, } Danbury.	William P. Seeley, <i>Pr...</i> M. H. Griffing, Jr., <i>Cas.</i>	B. B. Kellogg.* W. P. Seeley.
GA.....	Central R. R. Bank, Savannah.	William W. Rogers, <i>A. C.</i>	.....
ILL....	Second National B'k, Freeport.	Francis W. Hance, <i>Pr...</i>	M. Lawver.
IND....	Logansport National Bank....	John C. Merriam, <i>Cas.</i>	O. M. Goodwin.
IOWA...	First National Bank, Elkader } " .. Franklin County B'k, Hampton. " .. First Nat'l B'k, Independence..	Marvin Cook, <i>V. P.</i> ..... E. V. Carter, <i>Cas.</i> ..... J. C. Hayes, <i>Cas.</i> ..... George B. Warne, <i>Cas.</i> ...	I. Havens. F. H. Carter. F. Ward. H. P. Browne.
KANSAS.	City Bank, Osage Mission.....	Cary Post, <i>Cas.</i> .....	W. B. McLachlen.
KY.....	Ashland National Bank.....	W. C. Richardson, <i>Cas.</i>	A. C. Campbell.
" ..	Catlettsburg National Bank, } Catlettsburg.	John Russell, <i>Pr.</i> ..... R. H. Prichard, <i>V. P.</i> ..... A. C. Campbell, <i>Cas.</i> .....	..... ..... .....
MD.....	Franklin Bank, Baltimore.....	V. Emory Gardner, <i>Cas.</i>	G. Sanders, <i>Act'g.</i>
MASS...	Mechanics' National Bank, Worcester.	Charles W. Smith, <i>Pr...</i>	H. Bliss.*
MICH...	First National Bank, } Ann Arbor.	Philip Bach, <i>Pr.</i> ..... C. H. Richmond, <i>V. P.</i> .....	E. Wells, .....
" ..	Fourth National Bank, } Grand Rapids.	Henry P. Baker, <i>A. C.</i> ...	.....
MINN...	First National B'k, Moorhead..	F. J. Burnham, <i>Pr.</i> .....	C. B. Benedict.
MO.....	Merchants' National Bank, Kansas City.	O. P. Dickinson, <i>Cas.</i> ...	J. M. Coburn.
N. J. ...	Perth Amboy Savings Bank....	J. L. Kearny, <i>Tr.</i> .....	W. Hall.
N. Y. ...	First National Bank, Penn Yan.	John T. Knox, <i>A. C.</i> .....	.....
N. C. ...	Traders' Nat'l B'k, Charlotte...	T. J. Vail, <i>Cas.</i> .....	J. H. Ross.
" ..	Wachovia National Bank, } Winston.	W. A. Lemly, <i>Pr.</i> ..... James A. Gray, <i>Cas.</i> .....	W. F. Bowman.* W. A. Lemly.
OHIO...	Farmers' National Bank, South Charleston.	A. G. Pratt, <i>Ass't Cas.</i>	.....
PENN...	Farmers' National B'k, Bristol.	Charles E. Scott, <i>Cas.</i> ...	C. T. Iredell.*
" ..	Cochranston Savings Bank.....	M. H. McComb, <i>Pr.</i> .....	R. Patton.*
QUE....	Merchants' Bank of Canada, Montreal.	Hugh Allan, <i>Pr.</i> .....	J. Hamilton.

\* Deceased.

"THE GUNNERY."—The sensible and judicious training of this "home school for boys" justifies and maintains its high reputation. The tone of the school is pure and elevated, like the mountain air that surrounds it. The card of the principal may be found at the end of this number. Reference is permitted to the editor of this Magazine.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from July No., page 73.)*

No.	Name and Place.	President and Cashier.	Capital.
2742	First National Bank..... Terre Haute, IND.	Demas Deming, Henry S. Deming.	\$ 200,000
2743	First National Bank..... Bath, MAINE.	Galen C. Moses, William D. Mussenden.	100,000
2744	First National Bank..... Hollidaysburg, PENN.	William Jack, William H. Gardner.	50,000
2745	First National Bank..... Pittsburgh, PENN.	James Laughlin, John D. Scully.	750,000
2746	First National Bank..... Falls City, NEB.	Stephen Boyd Miles, Reuel Nims.	50,000
2747	First National Bank..... Michigan City, IND.	George Ames, Walter Vail.	250,000
2748	First National Bank..... Janesville, Wis.	J. D. Rexford, J. B. Doe.	125,000
2749	First National Bank..... Houlton, MAINE.	Walter Mansur, William C. Downell.	50,000
2750	Lincoln National Bank..... Lincoln, NEB.	Jacob E. Houtz, Joseph J. Kelly.	100,000
2751	First National Bank..... Monmouth, ILL.	David Rankin, B. T. O. Hubbard.	75,000
2752	First National Bank..... Miles City, MONT.	Joseph Leighton, Richard E. Stower.	50,000
2753	First National Bank..... Marion, IOWA.	Redman D. Stephens, Jay J. Smyth.	50,000
2754	Farmers' National Bank..... South Charleston, OHIO.	Andrew D. Pancake, M. Clark.	50,000
2755	Farmers' National Bank..... Franklinville, N. Y.	John Napier, William J. Weed.	52,000
2756	First National Bank..... Hebron, NEB.	B. S. Ferris, F. L. Gibbs.	50,000
2757	Second National Bank..... Helena, MONT.	Erastus Douglass Edgerton, Alonzo Enos Bunker.	75,000
2758	Exchange National Bank..... Atchison, KANSAS.	William Hetherington, W. H. Hetherington.	100,000
2759	Eau Claire National Bank..... Eau Claire, Wis.	Orrin H. Ingram, William R. Coffin.	100,000

**ASSESSMENT OF TAXES.**—The taxing power belongs to the legislative department, and it is entirely within the province of that department to determine the rules of assessment of property and for the collection of taxes. *State v. Board of Assessors*, 1 McGloin.

**NEGOTIABLE INSTRUMENT—WHAT IS—EVIDENCE.**—An instrument in the form of a promissory note, with a seal attached, has all the qualities of negotiable paper, in this State. The production of such a paper, supported by proof of the handwriting of the obligor, is sufficient evidence of delivery and of the ownership of the holder. *Blume v. Bowman*, 2 Ired. 338; *Jackson v. Love*, 82 N. C. 405; *Whitsell v. Mebane*, 64 id. 345; *Pate v. Brown*, 85 N. C. 166.



## NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 1, 1882.

*Exchange on London at sixty days' sight, gold 4.85½.*

The prospect of abundant crops is producing several noteworthy effects. In the first place, the price of wheat and other grains is giving way. There has been a heavy decline during the month. Although some persons must have lost from the downward movement, by far the greater number have been gainers. Dear breadstuffs always work ill results to a community or country. The decline, however, has not stimulated exports, because the steamship companies have advanced the price of freights, and thereby prevented purchases by shippers.

Another good effect of the larger crop will be a halt in speculation. Last year, owing to the smaller production, speculators were busy in cornering everything. The July wheat deal, however, was a great failure, especially to the house in New York which has taken the lead in the business for several months past, and its losses were very large. We have not learned, however, that it has had many sympathizers.

The prospect of fair prices is rendered favorable by the reports of foreign crops; and this is especially true with respect to Egyptian cotton. With war in Egypt the conditions of production there will be changed for a time at least, while a larger demand for breadstuffs and provisions will be required for army purposes. The indications grow stronger that the Egyptian contest is not likely to be soon settled; and if not, whatever losses may happen to European nations our country will be the gainer.

Of course, the Wall-Street fraternity have not missed the opportunity to bull stocks. Ever since the Fourth of July they have been busy in this way. Some of the advances are justified by sound reasons; but as often happens at such times not much discrimination is exercised, and the prices of good and bad stocks are driven up together. Commission brokers report large orders from the interior, and evidently the country has once more caught the fever with the expectation of getting handsome returns. In this kind of business experience goes for naught, and not until another breakdown occurs and all has been lost, will the truth of the old story be realized that stock speculating is a very hazardous, and, in the long run, a losing, business.

Moreover these operators for a rise leave out of sight the fact that the freight war has been injurious to railroads, that many of the stocks are heavily watered, that east-bound freights over the trunk lines are light, that there will be greater competition this autumn for through business than ever, and that we are fast approaching the period of the year when money will become active. These considerations should lead men to act with prudence in buying, and temper somewhat their too sanguine calculations concerning the future of the market.

Money at present is easy on call, but the banks seem to be unwilling to

make long loans except at full rates. Lenders are freely offering money on call, but at the first indication of more than temporary activity they will be likely to restrict their offerings. Those thus borrowing can by no means count on the present continued ease of the money market.

Elsewhere we have discussed the enactment of the new bank bill. This essentially settles the legal status of the National banks for a long period and removes a grave problem from the financial world. Congress hesitates to repeal the bank taxes, although that body cannot furnish the slightest excuse for delay.

Gold shipments continue. The following table shows the imports and exports of specie from New York for the first six months of 1881, as compared with those of 1882.

	<i>Exported</i>		<i>Imported</i>	
	1881.	1882.	1881.	1882.
January.....	\$1,034,514	\$1,270,441	\$4,723,427	\$374,390
February.....	1,134,443	8,247,861	589,615	225,462
March.....	1,304,122	4,339,608	7,307,988	481,369
April.....	1,206,984	2,183,483	15,383,738	383,798
May.....	573,358	14,055,027	1,407,573	247,739
June.....	1,049,361	5,378,589	314,096	229,813
Totals.....	\$6,352,782	\$35,475,099	\$29,728,437	\$1,942,573
<i>First Six Months.</i>				
	<i>Exported.</i>		<i>Imported.</i>	
1881.....	\$6,352,782		\$29,728,437	
1882.....	35,475,099		1,942,573	
Increase.....	\$29,122,317		—	
Decrease.....	—		\$27,785,864	
1881—Excess of import over export of specie.....			23,375,655	
1882—Excess of export over import of specie.....			33,532,526	

A large amount of this gold has found its way to Italy. It is claimed by those who have inquired well into the subject that the balance of general foreign trade against us at the end of June was about \$50,000,000, while at the same time in 1881 it was about \$70,000,000 in our favor. Another feature of the financial situation is to be found in the amount of money held in reserve in the United States Treasury. The balance sheet made on the first of July, 1882, compares as follows with that of the first of July, 1881, with reference to those assets which have direct relation to the volume of the circulation :

	<i>July 1, 1881.</i>	<i>July 1, 1882.</i>
Gold coin.....	\$71,153,944	\$91,964,303
Gold bullion.....	89,017,716	56,541,886
Silver dollars.....	62,544,722	87,153,816
Fractional coin.....	27,247,696	28,048,630
Silver bullion.....	3,309,949	3,230,908
Silver certificates.....	12,055,801	11,590,620
United States notes.....	30,204,092	34,670,389
National-bank notes.....	5,115,237	6,256,211
National-bank gold notes.....	181,145	21,035
Deposits held by National-bank depositories.....	11,788,888	11,258,964
Minor coin.....	786,005	449,072
Total.....	\$313,405,195	\$331,186,234
Increase of reserve.....		\$17,781,039

The reports of the New York Clearing-house banks compare as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
July 1 ..	\$ 322,884,300 .	\$ 56,124,300 .	\$ 25,648,800 .	\$ 305,369,100 .	\$ 18,468,900 .	\$ 5,431,025
" 8 ...	326,679,300 .	64,283,600 .	23,602,000 .	318,329,100 .	18,410,800 .	8,303,325
" 15 ...	324,806,300 .	65,929,300 .	25,031,600 .	321,603,810 .	18,206,300 .	10,559,950
" 22 ...	330,162,700 .	64,251,600 .	24,563,100 .	322,863,200 .	18,160,900 .	8,098,900

The Boston bank statement for the past four weeks is as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation
July 1 .....	\$ 154,428,800 ....	\$ 7,987,300 ....	\$ 3,932,700 ....	\$ 98,119,900 ....	\$ 30,664,900
" 8 .....	154,381,200 ....	7,575,400 ....	3,651,900 ....	98,627,300 ....	30,838,400
" 15 .....	153,172,500 ....	7,520,800 ....	3,773,700 ....	97,375,000 ....	30,560,300
" 22 .....	153,514,900 ....	7,885,900 ....	3,954,000 ....	97,693,100 ....	30,432,200

The Clearing-House exhibit of the Philadelphia banks is as annexed :

1882.	Loans.	Reserves.	Deposits.	Circulation.
July 1 .....	\$ 76,091,119 ....	\$ 19,102,146 ....	\$ 69,408,076 ....	\$ 9,707,183
" 8 .....	75,455,576 ....	18,877,239 ....	67,970,459 ....	9,678,635
" 15 .....	75,247,123 ....	19,583,328 ....	69,079,694 ....	9,675,680
" 22 .....	75,138,502 ....	20,059,649 ....	69,516,259 ....	9,669,628

We append the usual quotations of leading stocks for the month :

QUOTATIONS :	July 8.	July 14.	July 20.	July 29.
U. S. 52, 1881, Coup...	100½ ..	101½ ..	102½ ..	101½
U. S. 4½, 1891, Coup.	114 ..	114½ ..	114½ ..	114½
U. S. 48, 1907, Coup...	118½ ..	118½ ..	120 ..	120½
West. Union Tel. Co.	87 ..	88½ ..	90½ ..	90
N. Y. C. & Hudson R.	132 ..	134½ ..	135½ ..	135½
Lake Shore .....	110 ..	112½ ..	115½ ..	115½
Chicago & Rock Island	129 ..	130 ..	133½ ..	133½
New Jersey Central...	77½ ..	77½ ..	81½ ..	81½
Del., Lack. & West...	126½ ..	127½ ..	132½ ..	138½
Delaware & Hudson..	112½ ..	112½ ..	114½ ..	116½
Reading .....	59½ ..	59½ ..	62 ..	62
North Western .....	131½ ..	133½ ..	134½ ..	137½
Pacific Mail .....	44½ ..	46½ ..	46½ ..	46½
Erie .....	36½ ..	39½ ..	40½ ..	40½
Discounts .....	4½ @ 5 ..	4½ @ 5 ..	3 @ 5 ..	3 @ 6
Call Loans .....	2 @ 3½ ..	2½ @ 3 ..	2½ @ 3 ..	2 @ 3½
Bills on London .....	4.84½ @ 4.87½ ..	4.85 @ 4.88½ ..	4.85 @ 4.88 ..	4.85 @ 4.88
Treasury balances, coin	\$ 80,851,855 ..	\$ 81,539,847 ..	\$ 80,350,335 ..	\$ 85,103,677
Do. do. cur.	\$ 5,916,662 ..	\$ 5,537,785 ..	\$ 5,522,171 ..	\$ 5,604,780

## DEATHS.

AT WORCESTER, Mass., on July 7, aged sixty-nine years, HARRISON BLISS, President of the Mechanics' National Bank.

AT WINSTON, N. C., on June 22, aged sixty-one years, W. B. BOWMAN, President of the Wachovia National Bank.

AT BRISTOL, Penn., on June 16, aged seventy-seven years, CHARLES T. IREDELL, Cashier of the Farmers' National Bank of Bucks County.

AT NEW FAIRFIELD, Conn., on July 18, aged sixty-four years, BARZILLAI B. KELLOGG, President of the National Pahquioque Bank of Danbury.

AT LEAVENWORTH, Kansas, on June 19, aged fifty-four years, DANIEL SHIRE, of the firm of Insley, Shire & Co.

THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

---

VOLUME XXXVII.

SEPTEMBER, 1882.

No. 3.

---

### THE GOVERNMENT APPROPRIATIONS.

The appropriations made by Congress to support the Government for the ensuing year are so large that the people are stirred far more than they usually are over the enactment of these measures. It is true that the appropriation bills are never passed without criticism, but this year it has been severe and prolonged. The truth is, the people for many years, perhaps always, have cared too little about Government expenditures. The reason is, because of their great prosperity. Of course, our country, like other countries, suffers occasionally from business depressions and panics; but its general course has been so exceedingly prosperous that public expenditures have not been criticised closely like those incurred by the governments of the Old World, where the pressure of taxation is more keenly felt. This is the reason why there is so little study about these things here, because notwithstanding the prodigality of our expenditures our revenues have been large, and have been collected without crippling industries or seriously affecting consumers.

However easily we may pay them, it requires no argument to show that unnecessary or wasteful appropriations produce manifold disastrous effects. Public extravagance and corruption are very closely allied, and when appropriations of the former character are granted the way is prepared for granting corrupt ones. It is to prevent this evil that so many are strongly urging a reduction of taxation. Not that the present rates are very burdensome, but that the revenues are misapplied. If they cannot be properly used, it is argued,

and unanswerably too, it were better to abolish them altogether. As for spending money in order to furnish employment, the un wisdom of the policy was fearfully demonstrated at the opening of the French Revolution; and in this country, where labor can always find employment, there is no need on the part of the Government to make work in order to prevent pauperism.

One thing that ought to be done, in our opinion, is to establish a new rule with respect to reporting and passing appropriation bills. There is a rule, we believe, requiring them to be reported within thirty days from the opening of the session, but it is practically ignored. Not only ought the rule to be enforced, but Congress should continue the discussion of these measures after they have been reported until they are all finally passed.

In thus delaying action for thirty days from the beginning of the session, an opportunity is given for urgent legislation, which certainly is time enough to mature any measures of that nature. After that, what matters are more important to the people than the expenditure of their money? To get hold of this the vultures flock to the Capital from every part of the country annually; these bills faithfully reflect the tone of the National life; economy and wisdom in the expenditure of public money are a sure index of National improvement, while wastefulness and corruption not less surely mark the steps of National decay.

If this salutary rule were adopted several very important consequences would follow. By giving these measures such prominence they would be more carefully scanned, and, knowing they would be, greater prudence would be exhibited in their preparation. In justification of the present policy it is said that the bills are reported and passed during the intervals of other business and thus a saving of time is effected. Mr. Hiscock, Chairman of the Committee on Appropriations, near the close of the last session said in the way of explaining and defending the action of the committee: "It has not been the intention of the committee of which I have the honor to be the chairman, to crowd its appropriation bills upon the attention of the House to the exclusion of other public business. We have recognized the fact that we came here not alone to pass appropriation bills to support the Government and enable it to discharge its various functions and duties, but that the country had the right to demand of us certain general legislation of great public benefit, and that it was our duty rather to hold back the appropriation bills than such general legislation might have consideration than to force the appropriation bills upon the House to the exclusion of that legislation, if that exclusion would result in its defeat." This is a plausible explanation of the course of the committee, but it is not altogether correct. The truth is, neither the Committee on Appropriations at the last session, nor at any

previous session, has ever been prepared to report the more important bills until near the time for final adjournment. Some of the smaller bills are usually reported at an early date and passed, while the larger ones sleep in the committee room until congressmen begin to pack up their valises preparatory to their departure. The history of the last session is no worse than that of previous ones in this regard. Every year these most important measures which so vitally affect the welfare of the country are kept cold or slowly simmering until the end and then hastily prepared and passed. The consequence is but little or no opportunity is given for debating them; those having jobs of one kind and another understand them, while others remain in ignorance. Scarcely a bill of this kind is passed which is free from extravagant, wasteful, and corrupt items. Not that the members of the Appropriation Committee knowingly sanction frauds, their sin consists in doing their work so hurriedly that they do not study each item carefully, and so are continually imposed upon, as they find out in due time. Persons after money which they ought not to have cover up their thefts in such a way as to escape detection, but if the bills were prepared at the opening of each session and thoroughly discussed, many a well-planned steal would be exposed and prevented.

Mr. Hiscock's explanation is neither satisfactory nor correct. It would not be just to say that the thieves have power enough to keep back the bills until the session is about to close and then get them rushed through; but it is certain that this method of procedure is the one best suited to their purposes. But a mode of appropriating money which, if not originated by public plunderers, is highly approved by them evidently needs to be speedily remedied.

Notwithstanding the length of the last session the old story was repeated of waiting until the very last with several of the most important appropriation bills, and then rushing them through with explanations so slight, that only by a stretch of the imagination, could they be called explanations at all, followed by the semblance of a debate which consisted mainly in expressing regret because there was no time to discuss the bills, and that members must vote for them without amendment. Weeks and weeks had been frittered away in useless debates, the *Record* had been filled with long speeches lighter than air and drier than the sands of the Sahara, and finally when these vast measures did at last come before the House and the Senate, about all that the members could say was to declare that the bills needed amendment, but that they must vote for them because there was no time to do anything more. What an impotent conclusion! How different would this be if the House were required to report all the appropriation bills within a month from the opening of the session and then to cling to them until sent into the Senate to

be considered there in a like manner. What a flood of light would be turned upon our public expenditures; how the country would be enlightened, public jobbery exposed and prevented, beside effecting a great saving of money, and a greater saving of National character.

Nothing can more forcibly and sadly illustrate the ignorance displayed by Congress than the speeches made by Senator Allison, and Representatives Hiscock and Atkins, during the closing hours of Congress, reviewing the history of the appropriations and attempting to show the amount of them. They were millions apart, and Senator Sherman who, if any one, ought to have known how much Congress had appropriated, seemed to be as hopelessly in the dark as the others. Admitting all that has been said about the different paths these three gentlemen took in getting at the amount, the fact remains that their statements differed essentially, and not one of them knew within several millions the actual amount that had been appropriated. With this fact standing directly before the face of the people, what can be more evident than that a radical departure ought to be taken in the mode of making appropriations.

The appropriation most severely criticised was that for rivers and harbors, and since the adjournment of Congress Senator Hoar has written a long letter defending the action of that body which some persons regard as unanswerable. We shall not say much on this subject which is so sickening to many people, but the readiness with which Senator Hoar's explanation has been swallowed in some quarters shows how poorly the subject is understood. Doubtless, his well-earned fame as an honest and able legislator has led many in this instance to accept his explanation without further questioning, yet he did not present the matter in a clear, white light. Admitting that the appropriations for the Mississippi River are generally approved—though on another occasion we propose to show how the navigation of the river might be far better improved without public expense—he says that the balance, deducting the appropriation for improving the Potomac is not greatly in excess of the amount of last year. Granted. But the appropriation last year was twice as large as it ought to have been, and included many undertakings which were of no public value whatever. Now the Senator says, the money appropriated this year was to continue the improvements previously ordered, and therefore justifiable. If Congress threw \$50,000 into a creek last year ought that body to throw \$100,000 more into it this year? Senator Hoar says Congress is right in doing so. This ground is wholly untenable. One can easily see that if a fraud can only be perpetrated once in the way of getting an appropriation for some unknown, unused brook, it can be perpetrated annually until the Treasury is bankrupt.

We have merely touched the edges of a large subject which needs

to be thoroughly discussed until Congress is awakened to the necessity of appropriating the public money with a greater sense of responsibility to the people whose servants they are.

---

## A NEW SECURITY FOR BANK CIRCULATION.

The rapid reduction of the public debt and the high premium on the Government bonds must necessarily cause an alteration in the mode of securing the National bank-note circulation at no distant day. The National banks hold only \$100,000,000 of the four-per-cent. bonds which mature in 1907. Their note circulation is based mainly on the continued fives and sixes, the payment of which is proceeding rapidly. Notwithstanding the high premium on the four per cents, if the banks were obliged to procure them for their basis of their circulation, the premium would rise higher, until they should everywhere question whether it were not wiser to give up their circulation altogether than to issue notes yielding only a very slight, if any, profit. Even now, when the banks are not so restricted in their purchases, they are retiring their circulation faster than new banks are issuing it, so that a contraction to some degree is taking place. The reason for the step plainly is, the profits on circulation are not large enough to justify the expenditure that must be incurred to get the bonds that must be purchased and held as the basis of note issues. As the bonds called for redemption are presented, the circulation resting on them in many cases is surrendered; while not enough circulation is taken out by other banks to fill the gap. This fact proves that the issuing of bank notes is becoming less and less profitable; and the profits of course will continue to shrink as the National bonds diminish in quantity, and the premium on them advances. Events may indeed happen in consequence of which the premium may decline, or the profits of issuing notes increase, but looking at the matter from the standing-point of the present, the business of bank-note issuing is becoming less profitable every year.

Not many beside those especially interested have the hardihood to contend that the National debt ought to be continued in order to furnish a basis for bank circulation. Excellent as the National banking system is, the cost of its maintenance would be excessive if it amounted to the interest on the public debt. Some persons, it is true, when they contrast the present system with the various State systems that previously existed,—under which notes circulated at varying rates of discount, and which were so poorly secured that the holders often lost large sums, which have been computed at an



average of five per cent. annually,—affirm that the National debt ought to remain, if for no other reason that it may furnish a sound basis for issuing bank notes. The banks which hold continued fives and sixes would probably prefer to have debt-paying stop in order to retain their bonds. But the people generally regard with delight the rapid reduction of the debt, and a change of public policy in this particular would be exceedingly unpopular. Their desire is to have the present policy continued, and while it may be wise to reduce taxation in some respects, the annual expenditures of the Government should also be curtailed so that the debt may be paid as speedily as possible. This certainly is the popular sentiment; on no public question is there a stronger unity of opinion; and if it be respected, the necessity of providing a new basis for bank-note issues is very apparent.

It may be observed, too, that if the bank-note circulation rested on a different basis, debt-paying would proceed with less friction. In that case, no disturbance of the circulation would be caused in paying bonds. Nor would there be so strong a desire to prolong them as is manifested at present. Beside, if there were no demand for them on the part of the banks, the premium on them would decline, and the Government could make better purchases. Of course, present holders would not enjoy the prospect of witnessing a decline in the value of Government bonds; but this is a risk which they have assumed in buying them, and they cannot with reason complain of the adoption of a new policy by the Government, if it be an honest one, whereby the premium on its bonds is reduced and it is enabled to buy them at a lower rate.

It may be said, in passing, that most persons who have bought Government bonds within a few years have done so with the expectation of selling them before there shall be any fall in the premium. But if the banks were allowed to substitute other security as the basis for their note issues, undoubtedly the premium would be affected. The prospect of an early payment of the continued fives and sixes, the four and a half per cents, and the Pacifics, doubtless has an effect in stimulating the premium on the fours, for when all the obligations beside these latter are out of the way the banks have no alternative except to buy the fours or retire their circulation.

In view of these facts the question is asked from time to time, what can be substituted as a basis for bank-note circulation? Mr. George S. Coe outlined a plan at the annual meeting of the bankers last year. Colonel Grosvenor has suggested the replacement of Government bonds by State and municipal obligations. Mr. A. S. Hewitt, in a speech relating to the extension of the bank charters, delivered in Congress the 16th of May last, described a plan which is worthy of careful consideration.

He proposed first that the amount of notes to be delivered to a bank should not exceed ninety per cent. of its capital, and that it should be required to invest \$50,000 of its capital in Government bonds. The total amount of bonds needed for this purpose would be about \$100,000,000, which the banks could easily enough obtain. Indeed, of this amount, as we have seen, they hold \$100,000,000 of four per cents, which have a longer period to run than any other Government obligations.

I would deliver [he says] to banks ninety per cent. in circulating notes on the amount of their capital. I would make the notes of the bank a first lien on the assets of the bank. Secondly, I would make the stockholders, as they now are, personally liable for 100 per cent. in addition to the capital of the bank, and make the notes of the bank a first lien upon this amount. Now, I have at least under this arrangement 200 per cent. behind the notes. Thirdly, I would compel the banks to put a redemption fund of ten per cent. in coin into the hands of the Treasurer of the United States. Taking the present capital of the banks, \$360,000,000, that would put \$36,000,000 of coin as a redemption fund in the hands of the Treasurer. Lastly, I would make the banks, as a whole, guarantee the circulation of each individual bank. I would make the whole \$360,000,000 of bank capital, with the right to call \$360,000,000 more if necessary, a guarantee for the redemption of the notes.

Now, let us see what will happen. A bank breaks: its note is redeemable at the Treasury of the United States in coin without a moment's delay. There is the fund for it—\$36,000,000. It is not conceivable that under any circumstances whatever you could have a demand for more than \$2,000,000 or \$3,000,000 at any one time; but there is \$36,000,000 ready to protect the notes of any broken bank. Next, I would recoup the amount paid out for redemption of these notes by immediate assessment on the banks and require them to make it good; and when the bank is wound up and the lien for circulation is collected, I would refund the money to the banks for the assessment they might have paid.

Who will question the security of such a basis for bank-note circulation? But some one may revert to the old safety-fund system—under which the banks were required to pay an annual tax until the fund amounted to a certain sum which was to be used in discharging the debts of banks that should fail—and say, was not that system a failure? It should be remembered that the plan in the beginning was to pay not only the notes of the banks which failed, but all other obligations. In 1837, when ten banks in New York suddenly failed, which had issued \$1,550,000 of notes, the safety-fund was ample to pay them, for it amounted to \$1,876,000. But the banks having agreed to pay the other liabilities also the fund was insufficient for this purpose, as the total loss exceeded \$2,500,000. The banks ought never to have agreed to secure any other debts than their own notes, and subsequently the system was thus modified and worked well in several States. It is true that the system was abandoned in New York in 1838, but in Ohio a very compe-

tent writer says in 1853, "the system is as perfect as legislation can make it, and is certainly far preferable to the New York law [which at that time was the free-banking law] in every particular." In prosperous times the payment of every note was amply secured; in seasons of depression the bank-note circulation of the State rested on a substantial basis and retained the public confidence.

The security proposed by Mr. Hewitt for bank notes is far greater than that which existed in New York or in any other State under any State system. With the safer mode of discounting now prevailing, the combined assets of the banks of the country coupled with the other securities proposed would constitute an ample fund to redeem the notes of the banks that might occasionally fail.

There are many questions of detail pertaining to the plan that are not touched; only the outline of it is given. At the recent meeting of the bankers at Saratoga the matter was discussed, and elsewhere we have given Mr. Coe's able address on the subject. The present system cannot be continued much longer, if the law concerning the discharge of the public debt is executed, without seriously disturbing the bank circulation. If the plan set forth were adopted, would there not be fewer monetary disturbances than happen now, resulting from the payment of bonds and the surrender and issue of new circulation? The volume of currency would be less affected, and that is a thing greatly to be desired.

### ITALIAN RESUMPTION.

The Manchester (Eng.) *Guardian*, of July 25, reports an estimate then recently made by Signor Ellena, of the Italian Finance Department, that Italy was then in possession of the following amounts of gold and silver:

Gold.....	\$150,000,000	..	Subsidiary silver.....	\$18,000,000
Silver, full-tender five-lira (franc) coins....	43,000,000	..		\$211,000,000

Of the gold, \$110,000,000 was in the National treasury, \$22,000,000 in the banks, and \$18,000,000 in the pockets of the people.

The paper in circulation was \$188,000,000, of which it was intended to withdraw \$120,000,000.

The whole proceeds of the resumption loan, when realized, and all of the gold part except \$3,500,000 was already realized, would be \$88,000,000 of gold and \$34,000,000 of silver.

If it be supposed that the gold and silver obtained by the resumption loan, was all taken from the metallic stocks of other countries, as most of it undoubtedly was, the currency of Italy would suffer no contraction by the operation. There would be a

simple substitution of an equal amount of gold and silver for the paper withdrawn.

As Italy now coins no full legal-tender silver, and indeed is not allowed to coin any under the provisions of the amended Latin Union treaty, it obtains its new stock of five-franc (or lira) pieces from the circulation of France, Belgium, and Switzerland.

On these statements of the Italian Finance Department, it is not apparent why Italy cannot resume on the first of next January or even before that, if it sees fit to do so. But it is nevertheless true, that an actual resumption at the beginning of next year is not regarded in Europe as an altogether certain event. Three or four months ago, the Italian Ministry announced, that according to their construction of the laws, while the proceeds of the resumption loan must all be received during the year 1882, there was no specific time fixed for resumption, and that it must be determined by the course of events. There are not wanting persons in Italy who insist that the money collected for resumption ought to be devoted to the vindication of Italian rights and interests in the Mediterranean, which are supposed to be menaced by the French occupation of Tunis. The number of such persons is small, and no countenance to their ideas has so far been given in any authoritative quarters. Nevertheless, the condition of Europe is disturbed and threatening, and it is impossible to foresee what may happen,

---

#### RAILROAD MILEAGE.

In the year 1850, when California was admitted as a State, the whole mileage of railroads in the United States was 9021. In 1869, when the Pacific railway was completed, the number of miles had risen to 46,844. In 1879 *Poor's Manual* stated the number of miles of railway in operation in all the States and Territories at 86,497. From that time to the close of 1881 about 15,000 miles were added, making an aggregate at the beginning of the present year of 101,497 miles. From January 1, 1882, to June 1, 3,480 miles of new road had been tracked and put up in operation; and it is estimated that during the seven remaining months of the year there will be not less than 7,000 more miles of track laid, giving us at the close of the year a grand total of 111,977 miles of road in operation, with 10,000 other miles in course of construction. The whole railway mileage of the world at the end of the year 1879 is stated at 218,861 miles. So we shall have at the end of this year a greater mileage of road in operation than all the rest of the world had at the opening of this decade. The *Railway Age* states that work is now progressing in this country on 120 lines of railway. Up to June 1 there had been this year 734 miles of track laid in Texas, 253 in Colorado, 212 in Indiana, 207 in Iowa, 203 in Ohio, 149 in New York, 116 in Kansas, 131 in Georgia, 121 in California; in twenty-seven other States and Territories 1,354 miles, but in none of them as much as 100 miles, save as to the nine above stated. Montana and Oregon will each reach over 200 miles before the close of the year, and Texas probably 1200.

## WHAT A BANK DOES FOR A COMMUNITY.\*

As the basis of all business in this country, we now have two qualities of National coined dollars, the one widely differing in commercial value from the other, yet both equally a legal tender for debts and a measure of trade, while they are not exchangeable, the one for the other, at the Government Treasury that issues them both as standard money.

We have also four forms or descriptions of paper\* currency, viz., government notes, bank notes, gold certificates, and silver certificates. *Three* of these are redeemable *at present* in gold dollars, and *one* exclusively in silver dollars.

These weights and measures of varied inherent capacity or power are now working side by side in practical business, and among an intelligent people, not because two things, while greatly differing in value from each other, can possibly each be equal to a third thing in trade, but simply because the country is for the time being rich enough to supply a sufficient sum of the superior measure to perform all the offices of trade and commerce, and the inferior is not yet, as it may soon be, overwhelming in amount.

But these two standards of value are confessedly not equal, because they are not interchangeable; are not subject alone to public preference, and are not produced from time to time only as desired, and then left free, as they ought to be, to find their way into circulation by their own intrinsic merit and by the natural demands of trade. On the contrary, by force of most peremptory law, the resources of the public treasury are diverted from the coinage of the kind and quality of money that commerce demands, and are driven into that which it persistently rejects. No compulsion would be required to limit or to establish that quantity or quality of currency or coin that the people want. Compulsion is the strongest evidence that the specially prescribed thing is not wanted. In this remarkable conflict between statute law and the law of nature the inevitable result is simply a question of time and of public endurance. The people will be content so long as the final issue of this contest for supremacy between diverse measures of value is deferred and counteracted by the amazing growth and prosperity of the country. Providence has so far kindly interposed its bountiful hand and averted the natural consequences of our financial errors; but a single bad harvest, with the continuance of the present compulsory coinage and the

\* This article formed the principal part of the address of Mr. George S. Coe, delivered at the opening of the recent Convention of Bankers at Saratoga.

rapid accumulation of inferior silver dollars in the Treasury, would precipitate this nation irrecoverably into the lower standard of value, and most seriously impair our present superior power and commercial independence among the nations of the world. From any point of view at which, as practical men, we can view this question of compulsory coinage or currency, it seems nothing less than a gratuitous, unnecessary and self-imposed infliction upon the business of the country, an obstacle to its commerce and trade, in every way unfair in its practical operation.

Our present paper currency system is in great measure that which the war created and bequeathed us. Since it was established the country has grown from thirty-five to fifty-three millions of people, and its productions have more than kept pace with its marvelous increase in population. In fact, the disclosure of its capacity and resources has been so sudden and so great, as to startle and enrich the world, vastly more than did the original discovery of the continent itself.

In this great world of industry and production, *what important function do we, as bankers, perform?*

A correct reply to this simple question will clear away much of the mist that surrounds the subject of paper currency. Industry is expended as necessarily in the distribution as in the production of useful things. In both these departments of labor do banks and bankers engage as active participants. But their more important service is performed in facilitating the distribution of the results of labor throughout the country and the world; in dividing and promoting the endless variety of exchanges of one commodity for another, which make up the wealth of human society. The popular conception of banking, that it is "*dealing in money*," is entirely erroneous, more erroneous than we ourselves, without reflection, always fully appreciate. In fact, the very reverse of this statement is substantially true. At the expense of reiterating simple elementary principles, let us look at the subject for a moment from this point of view.

It is not true of a merchant, who buys and sells, that he is only a dealer in *pounds and yards*, but in the articles which, by those standard implements, he measures his merchandise, and it is not more true of a bank or banker that he deals in money, when in fact his operations are only in money's worth of every conceivable thing that money can purchase excepting this, that money, the measure itself, also composes a small proportion of the articles of value which enter into his business operations.

A bank, in its real, practical work, is an agent of the community to receive and carry away what that community produces in excess of its own needs, and to bring back the same value of what it wants in return.

The soundest and most useful assets of a bank or banker do not consist of money, but of the money's worth of exchangeable commodities dealt in or required by the population in which the bank is located. In a wheat country they will consist largely of wheat, in a coal region of coal, in a cotton country of cotton, and in a place of diverse trade they will be composed of the miscellaneous articles of value which make up the stock of the trading community. The best assets for a commercial bank are those that spring out of commodities most extensively exchangeable, and the worst, those that are based upon property, like real estate, incapable of general diffusion. Banks advance their means and incur their obligations upon the money value of miscellaneous or specific property of their dealers, just as foreign bankers do, leaving the borrower or the depositor meanwhile in charge of the property, to manipulate it at his discretion, but always in the interest of the bank, which has thus become the real owner, no less than of himself, who has but the remainder unpledged. And just as a foreign banker advances upon goods *in transitu*, or as a company or capitalist lends upon real estate by mortgage, so a bank entrusts its means to its dealers of every variety, who thereby become possessed of the power to exchange or to remove them, while, at the same time, the property interest to the extent agreed on is always in the bank itself. And so banks are simple devices for concentrating and exchanging the fruits of industry from hand to hand and from place to place, making it current and divisible. They dispense, as far as possible, and more and more so, as social life is elevated and refined, with the necessity of money as a practical medium, by taking title to property, and by issuing to and accepting from their dealers the written attestations of the money "*value received*." These written or printed papers, in their various forms, actually and in their very nature, possess the potency as well as the promise to respond in money or in its equivalent in other forms of useful industry. Banks are thus the very embodiments of labor, existing in tangible and exchangeable forms in any community, the pivots upon which industry and social comforts continually revolve. And, accordingly, experience has proved that in the current daily business of commercial cities, less than five parts in a hundred, either of deposits in banks or of the sums withdrawn from them, consist of money. That is to say, more than ninety-five per centum of financial transactions in society are only an exchange of one useful thing for another, and banks simply perform the function of effecting those exchanges. In whatever of the various forms of paper instruments the obligations of banks may be made, they are not money in any sense. Money cannot be made from paper. It is independently and of itself one form of property, and therefore it is money. Any human attempt to create it is only a weak and in-

effectual encroachment upon the Divine prerogative. Papers are nothing, and can legitimately be nothing, but the record of a concurrent or precedent fact, that property has moved, from one possessor to another, to the extent of the money value they represent.

And because these simple paper instruments and orders thus perform the great offices of commerce, it is naturally inferred that the whole virtue is in them, rather than in the transactions they record, and so the attempt has been made in all ages to secure the inward life, by legally creating the outward sign. Such also is the wide difference between the paper currency—that form of debt miscalled money—of Government, and the real animating thing which enfolds the vital element of labor, and whose original force and germinal principle already exists in commerce itself. Railroads, ships, and every kind of vehicle employed for transportation of merchandise do not more truly convey the property entrusted to them, than do banks and bankers perform substantially the same service, in promoting the exchange and distribution of the articles placed at their control. In fact, these two agencies work in conjunction to secure the same practical result. The one is a compliment of the other. Both of them unite in a similar service to society, and without both, modern commerce, with its multiplied blessings, would be impossible. Observe the report of tonnage transported by railroads, and of the values transferred through the Clearing Houses of banks, and see how they keep pace with each other. While one of these carries the property itself, the other holds the draft, note, check or bill of exchange which binds and commands it, and which divides and transfers its value to others, and thus a bank invests its own capital or property, and receives, by deposit, the capital or property of its dealers, and moves it forward or meets the returning volume, by means of its various forms of paper instruments as it comes and goes in every direction, far or near, at home or abroad, current meeting counter-current, and one kind continually exchanging itself for another kind in countless variety. Banks thus contain the stored industrial energy of the people, and every form of obligation they emit but discharges and diffuses the power first secured within them, to be continually replenished and reproduced by new exchanges. Every piece of paper used as a commercial medium, in any form whatever, must derive its sole value from being tied by an invisible ligament to some object of useful exchange.

The same tie of interest that binds the community to banks and bankers in every place, also binds that interest together throughout the whole country and throughout the world. They must trust each other by the necessities of their business, just as the people trust them, and they are under the highest obligation for self-preservation



to preserve over each other a watchful guard and care. While each one commences the movement of property within its own special circle, they are all compelled to convey it through each other beyond their respective lines, and thus to become mutually debtors or creditors for its value. A Clearing House, where settlements between banks are daily made, is but a general depot where property is thus exchanged by the various connecting lines which there meet. Every paper is there subjected to the true test of money value, which is proved by its prompt exchange and redemption. Any form of commercial paper currency is nothing more than a promise to give property in consideration of property received, a promise that is unfulfilled so long as the paper continues outstanding. Exchange through banks is the redemption of those promises, an incessant weighing and testing of them by the money standard. This is the life principle of all banking, which can never for a moment be intermitted. Having reached the common goal, their career as a circulating medium is ended, judgment upon each one is entered up upon the books of the bank against their respective makers, and they are retired from further public services.

This principle the Bank of England practically recognized in respect to its own circulating notes, when it canceled them as they were redeemed, and issued new ones with every new transaction. The significance of the numberless boxes, casks, and bales in a railroad depot, and of the paper parcels in a banker's Clearing House is not in their outward seeming, but in their hidden contents. The value is not in the thing seen, but in the reality which is unseen. Examine minutely what is behind, and observe that merchandise, not money, constitutes by far the greater proportion of what passes between them. The small difference in aggregate value of a bank's exchange is all that there is of money. The bulk is the people's property. And it is because banks are thus indispensable agents and factors in human society that they are, as a rule, from generation to generation, the most permanent and enduring institutions in all modern nations. They are, by the necessities of social life, established in every place of important trade and commerce all over the world, because the service they perform has to be done, and their highest interest and success is assured as they faithfully do it. Then, their permanency has the same guaranty as seed time and harvest, and their necessity is the same as the provision required by civilized life for cold and heat, summer and winter. By them the products of human labor are divided and distributed. Those in a more limited locality by transfer of title through the books and records of a single institution, those of a wider area through the combination of many in a large city, those of the country at large through the Associated

Banks in the New York Clearing House, and those of the world through banks and bankers in the City of London. Banks are the world's accountants. And so trade and commerce naturally proceeds in larger or smaller circles, and from smaller to larger the earth around. *This is the service that banks perform, and this is the simple way they do it.*

A commercial bank, therefore, seeks its position in the very midst of commercial activity, where there are the most of products to be moved and exchanged. It is itself the focal point of such movements. Apart from them, it is like a ship in the desert, it has no proper function whatever. It derives its existence from them, and without them a banking obligation, in any of its forms, can have no true vitality. Examine your securities and see if they are such as carry any desirable or necessary property, proximate or remote, and so possess a living character? If not, they are like empty cars upon the train, which only encumber it. Such assets and such banks are dead, because the soul has fled from them. If this be true, it simply proves that any paper passing among men in exchange for property, from whatever source derived, that conveys from the start no property with it, is only a "tinkling cymbal" without intrinsic value, and only deranges and disturbs the order and harmony of sound commerce. The natural and most healthy circulating medium of any country *must*, therefore, come exclusively from the power and through the organizations that concentrate and move its various commercial industries. In fact, we repeat, all paper instruments of trade must be, from their inception, the veritable certificates of the actual possession of things of the value expressed, and the more highly any country becomes developed by variety of production, modes of intercourse and facilities of exchange, the less use it makes of the precious metals or money, and the more it exchanges things for things, by means of paper vouchers for the things of value which they represent.

It is true that, like all human associations, banks have faithless agents, and are liable to ignorance, infidelity and default, but it is also true that they exist, after all, among the oldest and most substantial of organizations as well in this as in other countries, and that property invested in them has proved to be the most reliable for permanent income of all human associations. It is a question whether a much less number of our American States, counties, cities, towns, and villages have failed in meeting their obligations, than of well-organized banking institutions, or whether the losses finally incurred by the community have been greater from confiding in financial, than in State and municipal corporations.

It is because they are so largely and so minutely connected with every portion, nerve, and fiber of the vital social organism, that the shock of a bank's failure or interruption in its business produces so

general sensation. In such an event the industrial relations of a community with the outward world are at once arrested, the means of intercourse and of commercial exchange are cut off, and the value and the necessity of this link in the chain of personal interest, that binds society together, is everywhere suddenly seen and appreciated.

While the world's greater commerce thus moves on unchallenged and uninterrupted by means of paper instruments, as we have described, it seems idle to say that the smaller medium, called notes, which commerce would also create and protect by the force of its own natural development, is not the best that is possible, or that such a paper circulation, if used at all, cannot be adequately regulated by law, or that industry and human society, having invariably reached its culmination in that general direction, must then turn back in order to provide a safe circulating paper medium for smaller transactions, must so far empty itself of the stores of exchangeable wealth in possession of its banking reserves and necessary to the healthiest activity, and exchange them for a public debt in some form, in order that these very paper instruments may be adequately protected. Such an objection impugns the very law of nature. Instruments so created, and based upon debt, are not the evidence of things existing, but of capital expended. Debt expresses poverty; the *absence*, not the *presence*, of the value certified by the instrument. A currency of a country should be based directly upon the property of the country, not upon its debts. *Upon what it has, not upon what it owes.* Taking into consideration all the chances of human frailty, it may confidently be asserted that a safer, more natural and healthier system of circulating notes can be provided by a few simple and practicable legal restraints, through the security that commerce creates for its greater transactions, than through any form of public debt. It is a strange and palpably absurd proposition in political economy, that a popular Government must be kept poor and in debt, in order that the people may be provided with means to become rich. It is not necessary that either our local or our general Government should prolong its poverty, so that the people may be insured against poverty and loss, but rather that the wealth of the community should provide its own facilities for defence and independence.

If this exposition be correct, it resolves many of the vexed questions respecting paper money that have so long puzzled us as bankers, and vexed the public mind. How to secure the proper quantity and quality desired, of requisite flexibility and elasticity, as it is ambiguously called, of adequate supply at the special time, and in the particular place demanded by the trade? Coming through the channels that commerce itself creates, I believe that such a currency can be provided and be sufficiently protected by the true and only security which the country possesses, viz., its

own property and productions running concurrently with the paper it represents. This is all that ever gives stability and value to National, State, or municipal debts; only to them it is not thus naturally allied. Thus would it be made coincident with, at the place where, and at the time when, existing products are to be moved, and it would be redeemed and retired by the proceeds of those products after they have reached the market and been converted into money value. Quantity would be regulated by the property conveyed, and quality secured by the fact that redemption and withdrawal would be vigorously exacted by the facilities and competitions of modern business. I appeal to you all to say whether it would not, like all other and larger forms of commercial obligations, regularly proceed by a law within itself, following the law of nature?

In the recollection of, and in the endeavor to avoid, the evils and losses incurred by loose and irregular banking in a sparsely-settled country, without speedy communication between its parts and with limited productions and commercial facilities, the tendency has long been to encumber this portion of commercial business with unnecessary, unnatural and extraneous restrictions. It is plainly evident that our present system is imperfect and transitory. It is our business, as bankers, carefully to consider in advance, and to suggest, if we can, a safe and proper substitute.

And, finally, there comes in this serious and fundamental inquiry:

In what spot along these universal and wide-spreading, yet inseparably united commercial streams, which supply those human needs and comforts which "make all the world akin," can you displace or alter the established measure of value, the very money itself, which all the world accepts, without disturbing all equitable relations between men and nations?

Where can you violently inject a conventional, arbitrary or exceptional standard, without causing general derangement and special injury?

"In nature's chain whatever link you strike,  
Tenth or ten thousandth, breaks the chain alike."

Sellers and buyers of commodities are not the same persons, but are generally otherwise. "With what measure we mete, it will be measured to us again." A false balance and light weight are an eternal abomination, and are all the more abominable when enforced upon a young and vigorous country whose boast is that its boundless productions can supply the world with the necessities of life, and who, therefore, demand an unobstructed commerce. While the best thought and the inventive energy of our time are engaged in clearing the way and "making the paths straight" for the freest interchange of thoughts and things among men, it is a

most inopportune moment, and ours the most inappropriate Nation, to attempt the introduction of a special standard of commercial measure by forcing its entrance through the doors of our Clearing Houses. It seems like a vain and childlike effort to impede and hinder the progress of the National engine, by intruding upon the track, just when it is drawing the long train, which bears the rich productions of the country to market. Most fortunately, this effort is expressed in ambiguous words that refuse to convey the intended meaning, and so we are measurably relieved of the necessity of deciding between a local law, hidden under uncertain phrase, and the higher, clearer and more universal law of commerce.

We long ago learned by sad experience how a compulsory change or derangement in the measure of value opens a wide door, through which hordes of idle, vulgar, shrewd and knavish men rush to the front and enrich themselves in the general bewilderment, always at the expense of honest toil, and then further demoralize society by their prodigal and wasteful expenditures.

When the truth is fully recognized that banks, like other essential elements of society, have grown up as the natural results of the best social development, we shall not find it necessary, as now, to defend our right to the fairest consideration, nor forever be compelled to half apologize for existence. The keenest instinct of self-interest in our business combines with the highest patriotism in inducing us all as bankers to be ourselves, in the highest sense, good citizens, to encourage any good work by which the prosperity of the country can be permanently secured, universal comfort, peace and order maintained, and progress promoted. The best thing for the country is always best for us, because we are inseparably involved in and are touched by every possible interest that can effect the community for good or for evil.

---

### ECONOMY IN USING COAL.

A recent investigation of the dirt banks at the collieries owned by the Philadelphia and Reading Coal and Iron Company showed that there were at least 60,000,000 tons of them. Of this at least 40,000,000 tons can be utilized for fuel. This includes marketable sizes of coal ranging from buckwheat to small stove. It is the intention of the company, as soon as the jig houses now building for the treatment of this coal dirt are finished, to assort the sizes and send them to market. This month the company will use 10,000 tons of coal dust in engines of its own, built for the purpose, under the patent of Mr. John E. Wootten, thus effecting a saving of \$20,000 in fuel. The dirt banks in the Lehigh and Wyoming regions are to be treated as those in the Schuylkill region, and the engines on the connecting line between the Reading and New York Central, now building, are to be of the dirt-burning pattern.

## THE EGYPTIAN QUESTION.

Though many phases of the Egyptian question are doubtless well understood, the financial relation existing between Egypt and France and England may not be so clearly known as some of our readers desire; we shall therefore venture to say something on this point.

The position of Egypt is very peculiar. It is indeed a province of the Ottoman Empire, but its relations with the Porte are defined by international agreement. They are fully set forth in the treaty of July 15, 1840. By this treaty it was declared that the administration of the country should devolve on the descendants of Mehemet Ali in the direct line. A considerable measure of independence has been granted to the Khedive by the Sultans, and on the accession of Tewfik Pasha in 1879 the firman of investiture, which recapitulated the privileges thus granted, was previously communicated by the Porte to the British and French ambassadors with explanations which were considered satisfactory.

The introduction of European officials into the country was the work chiefly of the ex-Khedive, Ismail Pasha. He invited foreigners to do various things because there were no natives possessing the requisite qualifications, especially with reference to the management of the various loans contracted by the Government.

In November, 1879, after Ismail Pasha was deposed, the new Khedive decided to govern with a native ministry. It was then agreed, however, that English and French Controllers-General should be appointed on the nomination of their respective governments. Their position and powers were defined in a decree issued in November of that year. They were not to exercise any direct administrative authority, but were to have seats in the Council of Ministers, with a consultative vote in the proceedings, beside having the fullest powers to investigate the entire public service which related to financial matters. They were to communicate their observations to the Khedive and his ministers, or to the Commissioners of the public debt as they deemed best, and were to make reports, if they thought it advisable, for publication. They could not be relieved from their duties except with the consent of their respective governments.

At this time the finances were in great confusion, and the Khedive expressed his willingness that an inquiry should be made into their condition. This desire on his part finally resulted in the appointment of a commission of liquidation on March 31, 1880,

with authority to prepare a law for the settlement of the financial obligations of the Egyptian Government as well as of the Dairas and the public debt.

The law of liquidation determined by the commissioners was issued July 17, 1880, and provided for a complete settlement of the public debts and of all claims on the Government, while a certain proportion of the revenue was set aside to meet the requirements of administration, the tribute, the civil list, and other governmental expenses. A settlement was effected in accordance with this law, and a correspondent of the *London Times* in a recent review of the condition of the debt, says: "We shall be well within the mark, we believe, in assuming that two-thirds of the unified debt is held here. There is, indeed, good reason to think that, at the present moment, the amount so held is even greater, the French having sold large quantities of the unified stock at the time of the Paris crisis in January last, Putting the British holding of the unified debt at £40,000,000, and adding thereto £20,000,000 of the preference debt, and, say, £12,000,000 of the State domain and Daira loans united, we get a total of £72,000,000 of capital invested in what is practically a mortgage on Egypt."

Beside this indebtedness, aggregating \$360,000,000, a very large sum has been invested by companies and individuals in banking and other enterprises. The following statistics may be added:

Bank of Egypt.....	£ 250,000
Anglo-Egyptian Banking Company.....	1,600,000
Commercial Bank of Alexandria.....	240,000
Land and Mortgage Company of Egypt.....	524,000
Alexandria Water Works.....	408,000
	<hr/> £ 3,022,000

Beside these, there is the Imperial Ottoman Bank in which many British subjects are interested; and French financial institutions; hence the reader will perceive how largely the English and French people are concerned in the government of Egypt, apart from the ownership and management of the Suez Canal. England is far more deeply interested than France, nor is she likely to relax her hold on the country whether acting in co-operation with other European powers or contending alone. Her interests, National and individual, are too great to be sacrificed, and the temper of the people clearly shows that they are in favor of a strong and resolute policy toward Egypt, even if its enforcement be attended with considerable cost. The truth is, Egypt is a very desirable land for England to possess, and many Englishmen are, doubtless, hoping that the confusion now existing in Egyptian affairs will result in putting the country under the more complete control of Great Britain.

## MONEY SUPERSEDING BARTER.

Albert Gallatin in his *Considerations on Currency and Banking*, published in January, 1831, or rather more than fifty years ago, went into somewhat elaborate calculations in respect to the *per capita* amount of money in certain countries at that time. Nobody was better informed as to such matters, or able to come to a more correct conclusion from such information as was attainable. Among the results then reached by him were, that the *per capita* amount of money was six dollars in the United States, and "*less than four dollars*" in Russia (reducing the paper rouble of that country to its coin value). He estimated the *per capita* amounts in France and England as nearly alike, and as being about fourteen dollars.

In all these countries the *per capita* amount of money is now much larger, and a marked difference in the amounts in France and England has since arisen. Upon some estimates of the gold in France, which seem to me grossly exaggerated, the French *per capita* amount of money is twice as great as the English. It is at any rate greater by one-half. In the United States and Great Britain it is not far from twenty-one dollars.

It is not difficult to discern one, and doubtless the main, cause of the fact that the increase within fifty years of the *per capita* amount of money has been less in England than in France. The banking expedients by which the use of money is economized, and by which the same range of prices can be sustained with less money, have received a vastly greater extension among the English than among their neighbors on the other side of the British Channel. R. H. Inglis Palgrave, an English statistical authority, in a paper read before the American Bankers' Association in 1881, estimated that the deposits in British banks had increased from 105 millions sterling in 1840 to 520 millions sterling in 1880, at which last date the practice of making deposits in banks was scarcely known in France outside of Paris, and not much resorted to in that city.

The increase of prices in Great Britain, France, the United States and the commercial world generally, during the past half century, has not corresponded with the increase of their *per capita* amount of money. This fact may be attributable to several causes. But an obvious and powerful cause has been a constant enlargement of the proportion in which transactions of trade have been made by the intervention of money, and a corresponding diminution of the proportion of direct exchanges by barter. In this



way, the number of persons using money has augmented in a ratio much exceeding the rate of increase of populations, and some considerable part of the enlarged volumes of money, instead of acting in the direction of raising prices, has been absorbed by being substituted for barter.

Few living persons are old enough to know by personal recollection the great extent to which the business of this country was carried on by barter fifty years ago, but there are many persons within whose own observation there has been a large substitution of money for barter within more recent years. That substitution is still going on in some localities.

In his *Considerations on Currency and Banking* Gallatin describes the almost total absence of money in Western Pennsylvania during his residence there in the early part of this century. Of the state of things in the whole United States at the date (1831) of the publication of that book, he says:

Barter continues to be a principal mode of exchange in the country, at least in a great portion of the United States, where the planter and farmer obtain from time to time their supplies from the merchant, and pay him annually with their crop.

Gallatin evidently intended by "*the country*," the rural parts of the United States, which then contained an enormously greater proportion of the total population than they now do.

It may be questionable whether, comparing the United States of 1831 with the United States of 1882, there has been any considerable increase of the amount of money *per capita*, reckoning at both times only the number of persons actually using money as a medium of exchange.

It is known that the sudden and large increase of metallic money, following the discovery of Potosi in the sixteenth century, produced a greater effect upon prices than the much larger increase of metallic money which followed the California and Australian discoveries of the middle of this century. But a late English writer, Cliffe Leslie, points out that this more considerable rise of prices in the sixteenth century was confined to the comparatively limited localities reached by the new gold and silver from America, which were not generally diffused, on account of the then existing lack of facilities of intercommunication, not merely between different countries, but between different parts of the same country. And he shows by way of contrast that in consequence of improved modes of locomotion and of the greater territorial extension of commerce in this century, the new supplies of the precious metals from America and Australia spread themselves with more rapidity and over a larger space. In this way, by the sudden multiplication of the numbers of persons using metallic money, in consequence of the addition of persons who had before conducted their

exchanges by barter, the increase of the *per capita* of metallic money, taking a general view of all the countries in which it circulates, was much short of the increase of its absolute amount.

In a summary of the observations of Leslie upon these points, contained in some papers of Laveleye, recently published in the *Revue Des Deux Mondes*, it is said:

Mr. Jacob, always quoted on this subject, says that "in England and the other kingdoms of Europe, within the first century after the discovery of America, the quantity of the precious metals had increased nearly five-fold, and the prices of commodities had advanced nearly in the same proportion." This assertion has been generally admitted, and yet Mr. Leslie shows that, taken generally, it is quite inexact, and can only be applied at the most at the capitals where the statistical calculations were made. The effect only made itself felt in the parts of Europe easily accessible to commerce—that is, in a very restricted circle. Elsewhere, prices varied little. Thus it is certain that for two or three centuries, the silver of Potosi or Mexico did not find its way into Russia, the Highlands of Scotland, or into the West of Ireland. Prices remained longer stationary in many districts near London. Adam Smith (1775) speaks of villages in Scotland, where money was so rare that people paid for their ale in drinking saloons with nails. Even in our day, throughout the greater part of Eastern Europe, the people live on their own productions, and the small portion of precious metals they ever get to possess, is converted into jewelry, or hidden away and taken out of circulation.

In our time, the increase of prices has been less felt in the great centers than in the more remote localities. Jevons and Soetbeer estimate that from 1850 to 1870 the rise at London and Hamburg may have been from twenty to twenty-five per cent. Mr. Leslie extracts from the reports of the English consuls the proof that in many towns it has been more than from one hundred to three hundred per cent. It proves that the afflux of precious metals after 1850 has spread out and acted over the whole world in a much more equal fashion than in the sixteenth century, and the reason of this may be easily seen in the improved means of communication—railroads and steamboats—and the activity of commerce in other respects, which have distributed them everywhere, and made them penetrate wherever cheapness attracted the purchaser.

The new supplies of metal for the world, during the fifteen years after 1850, were from the gold mines of California and Australia, but they assumed in Asia the form of new supplies of silver, displaced by gold in the European currencies and principally in the French currency and exported to the East. This new silver in India and other Oriental countries was absorbed, partly in a rise of prices, and partly by being substituted for barter, and thereby causing the use of money by vast numbers of persons who had previously not used it. In a report on this subject, made in 1865, by the Governor of Bombay, it is said:

Considerable quantities of silver are absorbed in India by a monetary circulation which did not exist previously. In thousands of bazaars, rupees are seen to appear and drive out the practice of barter, universal previously.

The evidence, published with the report (1876) of the British Silver Commission, and with the report (1877) of the United States Monetary Commission, shows that at those dates there remained considerable portions of the Indian population, among whom the use of money had superseded barter, either not at all, or only partially. Sir Richard Temple, long connected with the Indian Government, stated as lately as March 15, 1882, in an address before the *London Institute of Bankers*, that in many parts of India, and among many classes there, rents were still paid in crops, and other transactions made by barter, and not with money.

Six years ago, when enormous exaggerations of the yield of the Comstock Lode assisted to create in Europe the apprehension of an impending serious depreciation of the value of silver, the late Mr. Bagehot calmed the special anxieties of Englishmen in respect to the currency of India, by pointing out that a moderate rise of prices in the East would absorb a great amount of that metal. Thus, a rise of ten per cent. in prices, would absorb a quantity equal to ten per cent. of the whole mass of silver previously in monetary use in Asia. That is undoubtedly true in respect to silver, and it is equally true in respect to gold, and also in respect to gold and silver viewed as constituting in conjunction the money of the world. That is an aspect of the case well calculated to allay fears in respect to the effect of a great production of the monetary metals. But Bagehot omitted to present another and perhaps the more important consideration, that an increase of money is absorbed by its going into more general use by way of substitution for barter. That is what happened after 1850 in India, when it began to receive considerable masses of silver displaced from the European currencies by an influx of gold. And there is abundant room still left there, for more of the same thing to happen, if silver shall become more plentiful, either by its greater output from the mines, or by its displacement from any national currencies in which it is now employed.

In this country, during the discussions immediately preceding the resumption of coin payments in January, 1879, it was the nearly universal opinion of the banking classes that resumption was impossible without a very large contraction of the paper circulation. In 1876, John S. Ropes, who headed a deputation which presented the views of the City of Boston to the United States Monetary Commission, said in reply to their question number 94:

Judging from previous statistics, I infer that on the specie basis, 400 millions would amply suffice.

Ropes' proposed method of reaching resumption was the withdrawal and extinction of the greenbacks.

In a paper further elaborating these ideas, printed in the November, 1867, number of the *North American Review*, Ropes said:

Before specie payments were suspended (1861), the banks of this country, with a practically unlimited power of issue, were able to maintain barely \$200,000,000 of notes at par with gold, besides which there may possibly have circulated from \$50,000,000 to \$75,000,000 of gold and silver coin. . . . Since then our population has increased at the utmost by one-half, and we may therefore assume that from \$300,000,000 to \$400,000,000 of notes, or notes and coin, will circulate on a specie basis. All beyond this is mere supposition, without the shadow of a rational argument to support it.

To the same effect, Hugh McCulloch, presenting the views of the bankers of the City of New York in a paper printed in the same number of the *North American Review*, said in reference to what he called "*the pledge of the Government*" to resume January 1, 1879:

It is very certain, to say the least, that it was inconsiderately made. Before the late civil war, the largest amount of paper money in circulation was \$214,000,000. When the [Resumption] Act of 1875 was passed, the paper money in circulation exceeded \$700,000,000, and it has not been much reduced. . . . The indications now are that without further legislation the outstanding paper currency will not be reduced within the next fifteen months below \$600,000,000. . . . None but men of a highly sanguine temperament can expect that specie payments can be resumed and maintained with six hundred millions of paper money in circulation.

Like Ropes, McCulloch recommended the "*absolute withdrawal*" of the greenbacks. He also declared that "*the Resumption Act without supporting legislation was unwise*," and his utmost hope was, that the resumption might be postponed without essential injury to public credit. On that point, his language was:

The indications are decided that before the first of January, 1879, the gold premium will be so reduced that a postponement of actual resumption will not prejudice the National credit.

The capital error of such persons as Ropes, McCulloch and their associates, in their method of determining whether the currency of this country in 1877-8 was too great and therefore needed contraction, or was too little and therefore needed enlargement, consisted in their comparing the then existing *per capita* amount of currency with its amount at anterior periods, when the conditions might be and actually were entirely different, instead of testing the question by a comparison of the then existing prices of this country relatively to prices in other countries. No problem is really easier of solution, than that of the excess or deficiency of the currency of any country at any given time. It is settled by the relation of the home to foreign prices of the general range of articles of merchandise dealt in internationally, as shown by the course of foreign trade. In 1877, and forward to the date of resumption in 1879, the large favorable balances of our foreign trade proved conclusively that our prices were below the general specie prices of

the world, and that no contraction of our currency was required. This was so plain to the sagacious and resolute men who led the deliberations of Congress, that they determined, not merely that the greenbacks should not be withdrawn, but that even the reduction of them to \$300,000,000 as provided in the Resumption Act, should be summarily arrested. The event has justified the wisdom of their policy. The paper currency was maintained at nearly \$700,000,000, and it has turned out, to the amazement of the bankers, that even that volume of money was enlarged after the resumption took place, by great additions of silver and gold. To this day the bankers speak of the absorption of the imported gold as an impenetrable mystery. Without doubt it is a mystery and an inexplicable one, upon their theory that the *per capita* volume of money possible in this country is to be settled by its actual volume during the period anterior to the civil war. It would be still more inexplicable, if the present possible *per capita* volume of money is to be settled by its actual amount, six dollars *per capita*, in 1831, when Gallatin wrote his *Considerations on Currency and Banking*. Of course, the *per capita* rule would be a tolerably good one, comparing one period with another, if all other circumstances remained the same, but that is impossible in the case of an increase of money. Looking to the world at large, as affected by the great and sudden enlargement of the supply of gold from California and Australia in this century, we see that its principal effect was the introduction of money as a substitute for barter into new localities and among new classes, and that while there seemed to be a large increase of the *per capita* monetary volume, there was really little if any, if comparison is made of the numbers actually employing money, which is the only comparison proper to be made. Looking to this country in particular, as many know from a long personal observation, and as all may know in other ways, there has been in many cases of an increase of the monetary volume a substitution of money for barter, so that a large *per capita* increase has been often found to be not incompatible with steady specie prices, and sometimes not even incompatible with declining specie prices.

The most groundless of human apprehensions, is that of an excess and consequent depreciation of money, so long as it consists of the metals, or is kept at the standard of the metals. There has never yet been enough of it to fully do away with the inconveniences of barter in all localities and among all classes, even in the most commercial countries. The amount of added money that can still be absorbed without affecting prices, in substitution for direct exchanges, is incalculably great. The danger which threatens in respect to money on the metallic standard, is not that of its depreciation, but that of its appreciation, and of the two calamities, the last is immeasurably the worse.

GEO. M. WESTON.

RECEIPTS, APPROPRIATIONS AND EXPENDITURES  
OF THE GOVERNMENT FROM 1815 TO 1828.

Peace brought a reduction of the National expenditure. But the unliquidated debt was so great that a large sum was needed to discharge it. The arrearages in the war and navy departments especially, and the remaining balance of the floating debt, including treasury notes and loans, must be satisfied before a permanent and uniform arrangement of the finances could be effected. Dallas expected that in a year the amount of such indebtedness would be known, and so nearly fulfilled were his expectations that Crawford, who succeeded him, in his report the following year reckoned \$1,540,000 as the total amount of war arrearages remaining unpaid.

Peace was declared February 18, 1815. As soon as the event was announced, vast quantities of goods were imported into the country, which swelled the receipts to \$36,643,598.77 within the year, and relieved the Treasury.

Never was the head of the Treasury department more troubled to make an estimate of the receipts and expenditures than for the year after the close of the war of 1812. It was indeed much easier to estimate the probable demands on the Treasury than to estimate the receipts. The enormous inflow of goods, notwithstanding the high duties exacted, the revision of the entire system of taxation which was soon to be made, cut away the ground entirely for estimating with any degree of confidence the probable amount of the National income. It was impossible to be exact in making these calculations. Dallas did the best thing possible, he estimated what the revenues would be if the laws then in operation were continued; and also their amount, if the laws were modified in harmony with suggestions.

The only estimate which need concern us is the one based on a modification of the revenue laws. What changes did Dallas propose, and how did Congress regard his recommendations? Though internal taxation had become necessary in consequence of the heavy shrinkage of income from customs, it was generally expected that peace would bring a diminution of the burden. In fulfillment of that expectation, a reduction of the direct tax, a discontinuance of those taxes which on trial had proved unproductive as well as inconvenient, and above all, the exoneration of domestic manufactures from every charge that could obstruct or retard their progress seemed to Dallas to be the objects that especially invited legislative attention.

What he specifically proposed therefore was, that the Act of July 1,

1812, imposing an additional duty of 100 per cent. on goods, wares and merchandise imported into the country, and also the Act of July 29, 1813, imposing a duty on imported salt be continued until the end of June, at which time he supposed that a new tariff would be completed and put in operation. Both of these acts would become inoperative the 18th of February, 1816,—after a year's peace.

He also proposed that the Act of July 24, 1813, imposing a duty on sugar refined within the United States, and the Act of August 2, 1813, imposing a duty on bank notes, notes discounted and bills of exchange, be continued without limitation, but with proper amendments to render the collection of the duties more equal and certain, and that the Act of December 15, 1814, imposing duties on carriages, and that part of the Act of December 23, 1814, which related to the duties on sales at auction and increased rates of postage be continued.

Dallas further proposed that the direct tax be reduced from \$6,000,000 to one-half that amount, that the duties on distilled spirits be discontinued after the end of June, 1816, and that the licenses to distillers be doubled. Also, that the duties on licenses to retailers of wines, spirituous liquors and foreign merchandise be reduced to the rates of the year 1813, with due regard to the period when licenses began and would expire.

There were two other recommendations. One was that the Act of January 18, 1815, and the one passed a month later imposing duties on various articles manufactured or made for sale within the United States, and the Act of the former date imposing duties on household furniture and watches be repealed. The other recommendation was that the Act of March 3, 1815, providing for the collection of duties on imports and tonnage, and another of the same date fixing the compensation and increasing the responsibility of collectors of the direct tax and internal duties be continued without limitation.

By thus modifying the revenue system he supposed there would be a reduction of \$7,000,000 in the direct and internal duties. But he also expected that a similar sum would be forthcoming from the increase of the duty on licenses to distillers and the continuance of the stamp duties and those on refined sugar—these sources yielding \$1,500,000, the salt duty \$500,000—while an increase of \$5,000,000 was expected from foreign importations. These recommendations, with two slight modifications, were approved by the Committee of Ways and Means, and adopted by Congress.

With such a modification of the revenue laws, Dallas estimated there would be a deficit of \$6,484,269, but as the entire annual appropriations were never paid during the year, and as he had power to issue Treasury notes to meet any deficiency, he did not ask for more legislation to enable him to meet the probable demands on the Treasury for the next twelve months.

In managing the finances it had been the practice to consider the demands and supplies of each year without regard to the balances of appropriations or of revenue existing at the close of preceding years. Dallas pursued a similar course. The annual appropriations had never been wholly absorbed in the year for which they were granted; and the credit given for payments in every branch of the revenue necessarily introduced a discrimination between the amount of duties accruing within the year as a debt to the Government, and the amount paid as money into the Treasury. The annual appropriations, however, were not charged on the revenue of the year specifically in which they were made; and, indeed, they were satisfied whenever demanded from any unappropriated money in the Treasury without reference to the time when the revenue accrued, or when the money was actually received.

Dallas did not remain much longer in the Treasury department. He had taken office at a critical time, and by his wisdom, boldness and firmness he had extricated the Government from the threatened gulf of bankruptcy. Though holding office only twenty-nine months he had wrought wonders. He found the financial machinery of the Government disabled for want of a competent head to manage it; when he retired, it was in fine working condition. No Secretary of the Treasury ever won so much reputation, and so justly, in such a brief period.

He was succeeded by Crawford, who was secretary during the eight years of Munroe's administration. He had represented Georgia in the Senate and was familiar with all the financial discussions and legislation of the war. He had defended the first United States Bank and contended for the renewal of its charter with great power; he was no less a friend of the new institution. In the prime of life, possessing an intuitive rather than a reasoning mind, with great capacity for work, and of the strictest integrity, he was well qualified for the office.

His predecessor had accomplished very much in restoring the National credit and replenishing the Treasury. The net revenues from duties on merchandise and tonnage, internal duties, direct tax, sale of public lands, postage and incidental receipts had risen from \$11,500,606 in 1814 to \$49,893,219, from the same sources the following year. This was enough to enable Crawford to pay all the immediate demands on the Government and leave a large sum to be applied in reducing the public debt.

Crawford, therefore, was not troubled about getting funds to discharge the public obligations. He expected to pay the demands on the Treasury in the Eastern section of the Union in local currency by the end of the year, but this expectation was not realized. Payments to the Government in that quarter had been made in Treasury notes. To discharge those owing by the Govern-



ment, which consisted almost wholly of interest on the public debt and portions of the principal, Crawford saw no other way beside issuing Treasury notes than to obtain a temporary loan from the United States bank. The latter alternative was chosen, and a loan was obtained.

When those claims were satisfied there was no danger of embarrassment from New England until the next quarterly payment of interest. To prevent the necessity of resorting to loans for that purpose, he urged a cessation of the issue of Treasury notes of all kinds. When this policy was adopted the revenue in that quarter, he declared, would be more than sufficient to satisfy all the claims of the public creditors. Congress accordingly passed a law for retiring them, which produced the desired effect.

During the early period of Crawford's administration of the finances, the subject of unsettled balances in favor of the Government was considered by Congress. A report was made containing considerable information and many suggestions for the prevention of such large defalcations in the future receipts and expenditure of the public revenues as were found on the face of many of the unsettled balances. The law which prescribed how the accounts should be kept was amended the next year, and all accounts thereafter were to be settled by the Treasury department. The second and third auditors were charged with auditing the accounts of the war department, the accounts of the navy went to the fourth auditor, those of the State department, post office, and Indian affairs to the fifth, and the other accounts to the first. Two persons were appointed to perform the functions of comptroller, which previously had been performed by one. The Secretary of the Treasury was required to "cause all accounts of the expenditure of money to be settled within the year," except where the distance was so great as to prevent his doing this, and in respect to expenditures at such places he was to fix periods for making settlements. The comptroller, too, was to lay before Congress annually during the first week of the session, a list of those officers who had failed to make settlements in conformity to law. The largest number of unsettled accounts was in the department of State.

With respect to estimating the annual receipts it was not much easier for Crawford to perform this duty than it had been for Dallas and his predecessors. Said Secretary Woodbury in 1835: "The difficulty in attaining much certainty in estimating the receipts from either customs or lands in any particular year, in a country so new, enterprising and prosperous as ours, has ever been considerable, in addition to the fluctuations we always shall be liable to from short crops, pestilence and war." But the revenues were often affected by other powerful causes. Of these, two were the duties levied on imports and the quantity and quality of the money in

circulation. The tariff laws were frequently changed, and every change affected importations in some way, and of course the revenues. So, too, when money was abundant, whether the duties on importations were high or low, they increased. Another cause affecting the revenues was the giving of bonds by importers. Credit was allowed for a very large portion of the duties, and the Government did not always receive the amount due at the time stipulated, and not infrequently considerable losses occurred. Then, again, a considerable amount of duties was refunded every year in the way of drawbacks, and the amount which the Government was likely to be asked to refund could not be estimated very accurately. With so many causes operating with greater or less force the reader will perceive how difficult it was to guess what the revenues would be, yet it was necessary to make a guess in order to know how the expenditures were to be met. No wonder, therefore, if there were variations every year between the estimated receipts and the actual ones. The wonder would have been greater had there been none. Crawford, like previous secretaries, presented estimates of the receipts, and also gave reasons, which were usually very brief, on which his calculations were based. They were subsequently examined by the Committee of Ways and Means, and a report was made thereon to Congress; and his reasonings in nearly every instance were regarded conclusive by the committee. This was no small praise, for some of the estimates of his successors have been very roughly overhauled.

It would require too much space to explain the grounds on which these estimates were annually founded. Nor can we delay to explain the causes of the differences between the estimated and the actual receipts of each year. One of the noteworthy causes not fully weighed by Crawford the first year was the enormous importation of goods notwithstanding the high tariff. Dallas had committed the same error the year previously. Neither knew, nor had they any reason for expecting, that the country would be deluged with the products of the Old World. Then the tariff of 1816 went into operation—two years afterward, which was considerably modified. The huge volume of paper currency shrank enormously, and this event checked importations. These were the more potent causes of variation while Crawford administered the Treasury.

To estimate the expenditures was not so difficult. These were made in the beginning by the several departments and then submitted by the Secretary of the Treasury to Congress. Sometimes they were diminished, sometimes increased, almost always new expenditures were authorized. When the amount was determined, and also the estimates which were likely to accrue from existing laws, a foundation was laid for several inquiries: will the receipts probably be sufficient to pay the expenditures; shall the revenues be

drawn from other sources? or, in case of a deficiency, shall this be bridged by borrowing or by cutting down expenditures? if not, what new fountains of National income shall be opened? These inquiries were answered in various ways, and too often Congress displayed a painful lack of wisdom and principle in answering them.

During the greater part of Crawford's term of office, the revenues were so ample that he did not have to think about increasing them. The current expenditures were promptly paid, and the reduction of the debt was continued. In his annual report, rendered near the close of 1817, the permanent revenue was estimated at \$29,525,000 per annum, and the annual expenditure was stated at \$21,946,351. Congress thought that the time had already come for parting with the internal revenue, and consequently none was collected after the year 1817, except the balance which had accrued before that time. The committee who considered the subject did not regard the importations of the three previous years as furnishing a certain criterion for the future, yet believed they would remain the same, nor was their belief less strong in the continuance of the exports of the country without a diminution in quantity and value. They entertained no doubt whatever "under the circumstances of the United States, as to the propriety of reducing a revenue so far exceeding their ordinary expenses."

Congress not only repealed the internal duties, but at the same time increased the expenditures. By thus reducing the receipts and swelling the expenses of the Government, there would have been a deficit the next year, save for the arrearage of the direct tax and internal duties, and the balance which was in the Treasury at the beginning of the year.

It soon appeared, however, that the Secretary of the Treasury and Congress had been too confident in their estimates of the National income accruing from imports. The internal duties were removed when the revenues from imports were at top high-water mark. Importations grew more excessive after the return of peace until the close of 1817, and then there was a reaction. Crawford informed Congress that if the expenditures were not reduced, it would be necessary to lay new taxes, in any event whether the revenue were augmented or the expenditure diminished, a loan was declared to be necessary. The augmentation of the one, or the diminution of the other could not be effected in sufficient time to prevent this necessity; and a loan of three million dollars therefore was authorized.

Instead of laying new taxes Congress concluded to economize. The Committee of Ways and Means declared that "from the extraordinary depression of commerce, within the last three years, the stagnation of our navigation, the depreciation in the value of our exports, the corresponding depreciation in the value of property of

every description, and the serious embarrassments under which every branch of industry now labors, economy and retrenchment in the expenditures of every citizen are imperiously impaired. The finances of the nation being seriously affected by those causes, there would seem to arise a correspondent obligation on the Government to retrench its expenditures and economize its means. In the infancy of our institutions our expenses were, in general, limited by our receipts. We have been satisfied to advance gradually in furthering the system of National security and independence. Our pace has been greatly quickened toward the accomplishment of these objects since the restoration of peace, by the great accession of our revenue. From that period it has been in what may be considered a forced state. We are now getting back to a condition more congenial with our population and National wealth." Wisdom required that the expenditures be limited to the revenue of the country.

A select committee were appointed to examine the subject more thoroughly, who reported the following resolutions:

1. That the policy of resorting to loans, for the support of the Government, in times of peace, is unwise and inexpedient.
2. That this Government owes it to the people to take efficient measures for the redemption of the public debt.
3. That the resources of this Nation are such as to render unnecessary a resort to a system of internal, direct and indirect taxation.
4. That this Government ought to adopt such a system of retrenchment as will dispense with useless expenditures, and bring the pay and salaries of Government to what they were during the administration of former Presidents.
5. That the tariff ought to be modified with a view to revenue.

The fourth resolution was carried into immediate effect, expenditures were reduced, at the same time the revenues began to swell, and the pressure upon the Treasury was relieved.

The chief cause of the diminution of the revenues was a heavy contraction of the paper money issued a few years before. In 1819 and '20 the tide was at the lowest point, and the effects of the contraction were severely felt. The sales of public lands fell off, and many who had purchased were unable to pay, and the Government was obliged to grant relief. The banks were in a precarious condition, for their issues were excessive and the precious metals were fleeing to the East Indies. They could not do otherwise than contract their discounts in order to withdraw their notes from circulation, and thus present their presentation for payment, which would have caused immediate and general failure. "This operation, so oppressive to their debtors," Crawford declared,

"was indispensably necessary to the existence of specie payments, and must be continued until gold and silver should form a just proportion of the circulating currency." The case required heroic treatment, which was administered, but it was successful. The patient was restored, though only through severe suffering.

Such are the leading facts of Crawford's administration of the finances covered by this chapter. Crawford was succeeded by Richard Rush, of Philadelphia, whose management of the finances while Adams was President was so easy that nothing occurred worthy of note beside what has already been laid before the reader in other parts of this work. Rush's annual reports were very lengthy compared with the concise reports presented by Crawford; and considerable space was given to discussion of the tariff, always advocating the doctrine of protection. Crawford's utterances on the subject were very mild and guarded. Rush's last report contains a very good account of his administration of the Treasury department during his four years of office, which was one of the most prosperous quadrennials in the history of the Government. The debt was largely reduced, the expenditures were not excessive, and the financial legislation of the period was tempered with wisdom.

The receipts had exceeded those of the four previous years by an average of twenty-four per cent. Yet the increased expenditure, aside from the amount paid toward reducing the debt, had been less than ten per cent., and this increase, too, was chiefly for internal improvements. Fourteen millions had been spent in this direction. Of the ninety-seven millions received into the Treasury during these four years, all had been expended except a small balance, without any embarrassment to the public service. Such efficient action on the part of the Government was due in no small measure to the United States Bank. Rush paid a warm and just tribute to the efficiency and fairness of the bank—nor did any successor forget to do the same thing until President Jackson determined to destroy it.

The Secretary was justified in indulging in the following glowing retrospect: "The receipts of the existing year, greater by nearly two millions of dollars than had been foreseen, with a prospect of income for the next scarcely less abundant; the receipts of the last four years presenting a large and gratifying excess over those of the four years preceding; the foreign commerce of the country in a state of solid prosperity, from the improving condition of its leading departments of industry at home and consequent increase in the exportation of its products; the increase of its tonnage, that foundation of naval strength as well as commercial riches, keeping pace with the increase of commerce; the public debt annually and rapidly decreasing under the application of sur-

plus funds annually and rapidly increasing; the public revenue preserved at an equal value in every part of the Union, through the power of transfers promptly made by the Bank of the United States without expense or risk to the Nation, and the currency maintained in a healthful state by the same institution—such is the great outline of the financial and commercial condition of the country; a condition of the result of good laws faithfully administered, and of the aggregate industry of an enterprising free people.” Such is the bright picture which Rush drew when closing his administration of the Treasury office.

In the smooth, easy periods history, like alluvial soil, is slowly made; it is not until men grow very wicked that human action becomes exciting, and the pages of history are crowded with events. But if no dark shadow appeared while Rush was at the head of the Treasury department, was not the steady mild shining of the sun of prosperity to be preferred to the more exciting events of earlier and later times?

ALBERT S. BOLLES.

---

## FINANCIAL PROGRESS IN JAPAN.

The manner in which the all-important Department of Finance has been remodeled and perfected in Japan since 1871 is a striking example of the evolution of order out of chaos. For this the country is mainly indebted to the services of Mr. Okuma Shigenobu—a financier of great ability—Minister of Finance from 1872 until March of last year, and one of the most clear-headed members of the present Dai jō Kuwan. Under the old system, inherited from the days of the feudal *régime*, the National finances were for some years after the Restoration in a state of terrible confusion, and this, together with many fresh complications which have since arisen on account of constant changes going on in the country, rendered the task of elucidating them and reducing them to order one of very serious difficulty. But Mr. Okuma bringing to his task incredible energy and great skill in organization, has gradually so improved the department under his control, approaching each year more closely to the European model, that it will now bear comparison with those of the most highly civilized countries.

In 1873 Mr. Okuma was able to present approximate estimates of National revenue and expenditure for the fiscal year. The form of these estimates rapidly improved, and of late the annual budget has been sufficiently minute and accurate to satisfy the strictest canons of criticism, while later comparisons of actual and estimated revenues and expenditures have shown satisfactory balances in favor of the treasury. In 1879 he published an elaborate exposition of the whole details of revenue and expenditure for the eight fiscal periods from 1868 to 1875—a work of tremendous labor—which closed the records of the national finance from the date of the Restoration up till the present time. The permanent rules for the

working of the department are now complete and in operation, the books are kept with admirable clearness and precision, and a proper system of public audit has been lately established.

According to the Finance Minister's statement for the current fiscal year, ending 30th June next, the estimated revenue—the value of the Japanese *yen*, or dollar, being reckoned at four shillings in the following figures—is £11,986,701, being £856,426 in excess of that for the previous year. Of this £8,380,288, or more than two-thirds of the whole, are derived from the land tax, or, more strictly, Crown land rent, the State being the sole landed proprietor and lord of the manor in Japan. Customs dues provide, in round numbers, £514,000; taxes on liquors and tobacco, £1,263,000; post-office and stamp duties, £412,000; railways, £123,000; taxes on Yezo produce, £132,000; and the remaining £1,162,000 are made up of miscellaneous taxes, rents, duties, sales, profits on industries and manufactures, &c. The estimates of expenditure which are made to balance those of revenue include £4,290,000 for redemption and interest of domestic and foreign debts; £192,000 for civil list and appanages; £137,000 for the Dai Jō Kuwan and Gen Ro In; £119,000 for annuities and gratuities; £4,040,000 for the State departments, of which that of war takes £1,630,000, and that of marine £603,000; £252,000 for the post office; £164,000 for legations and consulates; £1,285,000 for cities and prefectures; £615,000 for police; £287,000 for industrial grants; £240,000 for charities; £300,000 for contingencies; and £166,000 for miscellaneous services.

The amount of Japan's unredeemed National debt at the end of last June was £71,609,458, or nearly two guineas per head of the population, out of which £69,406,918 were domestic, and £2,202,540 foreign debt. The former is made up of £45,827,923 bearing interest at from four to ten per cent., the average being six and a-half per cent., £1,842,355 without interest, and £21,736,640 of Government paper money in circulation. The foreign debt is the unredeemed balance of loans of a million at nine per cent., and £2,400,000 at seven per cent., raised in England in 1870 and 1875—the one for railways, the other for paying for the voluntary surrender of hereditary pensions. Of the large interest-bearing domestic debt, no less than £37,092,068 consists of capitalized pension bonds. The National debt also includes the cost of the Satsuma rebellion, about £8,400,000, made up by a loan of £3,000,000 from a native bank, and a special issue of £5,400,000 in paper money. When to these sums are added the heavy outlays connected with the civil war directly after the Restoration and subsequent lesser revolts, the liabilities inherited from the Shōgunate and *han*, the tremendous and costly task of substituting the *ken* for the *han* system—i. e., high centralization for decentralization of the feudal type—the payments under the voluntary Commutation Act of 1873, and the cost of the Formosan and Korean expeditions—a total of about £14,200,000—it appears that nearly sixty millions, or some five-sixths of the present National debt, are directly referable to special and exceptional causes and events almost wholly connected with the reconstruction of the system of government and the extinction of feudalism, and which cannot be included under ordinary expenditure.\* Hence, the many and vast reforms of which an out-

\* The reserve fund in the National treasury, amounting to £10,265,000, and loans to the extent of £1,461,000, which have been granted to private undertakings, raise the above to a gross total of seventy-two millions, or to within a fraction of the whole amount of the National debt.

line has been here given have been really effected out of normal revenue, and this, notwithstanding a reduction of the tax or rent upon land four years ago, from three to two-and-a-half per cent. of its assessed salable value, a sacrifice which, as this tax yields so large a part of the National income, forms a very serious item, being nearly £1,680,000 per annum, equivalent to fourteen per cent. of the gross revenue at the present time. Looking at these facts, and bearing in mind that up till 1873 the ordinary revenues never reached five millions per annum, it would seem that many of the severe strictures which have been so often passed upon the fiscal policy of the reformed Government must have been founded on misconceptions, or on ignorance of the actual state of the finances and of the political and social state of Japan during the period under review. The exceptional outlays above mentioned have all along created the most unwelcome difficulties and complications in the management of the National finances. They are the causes which in the first instance forced the Government to resort to issues of paper money, and then prevented them from promptly redeeming it. But for them, the public debt would have been insignificant, and the country's financial circumstances a good deal more prosperous than they are at present. The debt is, nevertheless, being slowly redeemed. It has been diminished by nearly three and a half millions since June, 1878, and the estimated reduction for the current financial year is upwards of another million, while the redemption of the pension bonds under the Act of 1876 will begin to come into operation in the latter half of this year, and continue for twenty-five years.

Seeing, then, that Japan has a prosperous and growing revenue, a lightly-taxed population, a debt which, if by no means trivial, is not very formidable, and has been created mainly through abnormal outlays distinct from ordinary expenditure, a treasury reserve of ten and a quarter millions, or nearly a year's income, and vast resources still undeveloped, it might be difficult to account for the present financial depression, and for the heavy depreciation of the Government paper currency, were it not for one detail in the past financial policy of the cabinet, which has been criticised more severely, and perhaps with more justice, than any other. That detail is the encouragement which has been given to the formation of National banks throughout the country, with power to issue paper currency, for which Government pension bonds are accepted as sufficient security. Upon these easy terms, National banks have multiplied quickly. Though an institution of hardly eight years' growth, there are no fewer than 152 of them, and their note issues, the amount of which, on a moderate estimate, may be set down at six millions sterling, have without doubt contributed in a great degree to the present inflation and depreciation of the entire paper currency. The *satsu*, as Japanese paper money is termed, have for several months past ranged at from thirty to forty per cent., and have even touched forty-five per cent. below their par value. Though this extent of depreciation is not equal to that which prevailed in America during the civil war, or in Italy in 1873, and is no greater than that now existing in Russia, and though its effects have not as yet been very seriously felt except among the poorest classes in the cities and towns, it has nevertheless been sufficient to cause a good deal of inconvenience and a general feeling of uneasiness, which is carefully kept alive by the section of the foreign press at the treaty ports that is hostile to the Japanese Government. It



has certainly been instrumental in bringing about the present unprecedentedly high price of rice, the staple product and article of food, and until lately the standard of value and chief medium of exchange in Japan. Though rice is plentiful enough, after three fine harvests, the farmers—who, in common with the whole agricultural class, are now enjoying a degree of prosperity proportioned to the distress that exists amongst the poor in the cities—refuse to sell, choosing to hoard their stocks as long as possible rather than barter them for such a fluctuating and superabundant commodity as *satsu*. In Japan, as everywhere, the price of food is the true gauge of money's worth. It is rash, as a rule for foreigners, very few of whom can have a fair idea of the difficulties with which the Government may have had to contend, to offer free criticisms on details of their financial policy. Yet there is probably some ground in this case for the opinion pretty generally held, even by Japan's best friends, that, although there were cogent reasons for establishing National banks, the terms under which they now exist ought to be remedied as soon as possible. Another cause which, by helping to drain Japan of her specie, has also contributed to the present difficulty, is that for some years past the balance of the export and import trades has been largely on the side of imports. The value of the imports, for example, in the year ended 30th June last, was about seven and one quarter millions, or nearly £1,700,000 greater than that of the exports. These imports consist chiefly of cotton and woollen goods, cotton yarn, and iron. Cotton yarn is the staple import. Japan ranks second amongst Great Britain's consumers of this commodity.

There is, however, no reason to suppose that the present financial pressure needs be other than temporary. Japan is just now passing through one of the crises inseparable from the vast and rapid processes of change which she has lately been undergoing, and which might well have brought her ere this to a very much worse condition. Fully alive to the disadvantages of the existing state of things, yet at present adverse to the questionable expedient, which is being continually pressed upon them, of resorting to a foreign loan, the Government are taking active steps for reduction in many branches of public expenditure. Vigorous retrenchment is the order of the day. There are indeed some grounds for fearing that this may be carried a little too far, and that in their anxiety to foster the revenue attention may possibly be drawn away from the no less urgent necessity of developing the natural resources, stimulating the manufactures and industries proper to the country, and improving its export trade. It is in her agricultural resources that Japan's true wealth mainly lies. Not including Yezo and the lesser islands, she has an area somewhat smaller than that of the British Isles, but a population numerically greater, and denser in the ratio of about thirty to twenty-six. She is blessed with great advantages of soil and climate, and lies in a latitude peculiarly favorable for the growth of a very extensive range of products. Amongst the chief of these are rice, raw silk, tea, tobacco, sugar and cereals, camphor from the *Lawrus camphora*, peculiar to China, Japan and Formosa, and vegetable wax, the valuable and beautiful produce of the fruit of *Rhus succedaneum*. But for centuries agriculture has made little progress in Japan. The crop of rice, the staple product, stands now at very nearly the same figure as it did 300 years ago. The cultivation of some products, such as silk, tea and tobacco, has nevertheless increased

rapidly during the last few years. Japan's silk export is growing at a rate which bids fair within the next half-century to bring it up to that of China; her export of tea has more than doubled itself since 1870; and the delicate tobaccos of the southern provinces are already in such request in Europe that their growth is being greatly stimulated. Sugar cultivation has also received a considerable impetus of late, and it is interesting to note that sugar can be grown successfully in a higher latitude in Japan than in any other country where the experiment has yet been made. And there are still vast areas lying absolutely idle. Hardly more than one-seventh of the country is now under cultivation, and it is calculated that at least as much more is well suited for profitable tillage; in addition to which considerable tracts are said to be available for pasture. To bring about the settlement of these unoccupied lands, opening them up by means of good country roads connecting with the fine trunk roads which already exist, to give earnest and constant attention to the improvement of agriculture, encourage the raising of horses, sheep and cattle, and develop the extensive and valuable coast fisheries, and the not inconsiderable mining resources, are without doubt among the surest and best means of increasing the material prosperity of Japan. To these should perhaps be added the gradual reduction in the number of National banks, or at least a very extensive curtailment of their privileges. By such means the cabinet, it may fairly be believed, would find no very serious difficulty in steering Japan safely and quickly out of the present financial depression.

—*British Quarterly Review.*

---

### EFFECT OF THE EGYPTIAN WAR ON COMMERCE.

To us, however, the main feature of interest is the possible effect the war in Egypt will have upon American finances and commerce. The most important product of Egypt is cotton. For the last four years the exportation of cotton from the port of Alexandria has amounted in value to nearly three times that of the total of all other exports. The total exports of cotton manufactures from the principal countries to Egypt during 1880 amounted to something over \$10,000,000. The official returns of the United States make no mention of any exports of cotton goods to Egypt. As the exports of cotton goods from France to Egypt amounted to only \$320,000, it is evident that British cotton manufacturers almost monopolize the Egyptian market. If no cotton or wheat from the Nile were to reach European markets that certainly would not be disadvantageous to American producers. War always means a superlatively enlarged demand for food, clothing, iron, etc., and American productions, meeting these wants, would find rapid outlets in all the European markets. An exhaustive demand for these articles of commerce abroad would tend to advance prices at home, and give a healthful stimulus to almost every branch of trade. American securities would be sought with avidity by European investors, as has always been the case when their governments have been involved in war.

## PRICES AND PROFITS OF BONDS.

The following is a table showing prices (flat and net) and rates of interest realized to investors in the four-per-cent. and four-and-a-half-per-cent. securities of the United States redeemable after July 1, 1907, according to daily quotations in the New York market during the month of July, prepared by E. B. Elliott, Government Actuary:

Date— July, 1882.	Prices, including Accrued Interest (Flat).		Prices, Not including Accrued Interest (Net).		Rates of Interest Realized to Investors. Per Cent.	
	4 %	4½ %	4 %	4½ %	4 %	4½ %
1.....	119.0625	114.0625	119.062	113.695	2.922	2.801
3.....	Exchange	closed.	Exchange	closed.	Exch'ge	closed.
5.....	118.8750	114.0625	118.831	113.646	2.934	2.806
6.....	118.6250	114.0625	118.570	113.634	2.947	2.808
7.....	118.9375	114.1250	118.872	113.684	2.932	2.802
8.....	119.0000	114.1250	118.923	113.672	2.929	2.803
10.....	118.9375	114.1250	118.839	113.648	2.934	2.806
11.....	118.7500	114.1250	118.641	113.635	2.944	2.808
12.....	118.6875	114.1250	118.567	113.623	2.947	2.809
13.....	118.6875	114.0625	118.557	113.548	2.949	2.806
14.....	118.6875	114.1250	118.546	113.599	2.949	2.812
15.....	118.8750	114.1250	118.722	113.587	2.941	2.813
17.....	119.2500	114.1250	119.076	113.562	2.924	2.816
18.....	119.7500	114.7500	119.565	114.175	2.897	2.746
19.....	119.8750	114.6250	119.679	114.038	2.892	2.761
20.....	120.1250	114.3750	119.918	113.775	2.880	2.792
21.....	120.6250	114.9375	120.407	114.226	2.856	2.728
22.....	120.8750	115.0000	120.646	114.376	2.844	2.723
24.....	121.2500	115.0000	121.000	114.351	2.826	2.725
25.....	120.4375	114.8750	120.176	114.214	2.867	2.741
26.....	120.5000	114.8750	120.138	114.202	2.869	2.743
27.....	120.5000	114.8750	121.217	114.190	2.865	2.744
28.....	120.3125	114.8750	120.019	114.178	2.875	2.745
29.....	120.3750	114.6250	120.070	113.915	2.872	2.776
31.....	120.2500	114.7500	119.923	114.016	2.880	2.764
Ave. May, 1882.	120.8975	—	120.437	—	2.089	—
Ave. June, 1882.	120.4801	—	119.646	—	2.090	—
Ave. July, 1882.	119.6354	114.4505	118.965	113.887	2.907	2.778

## OUR FOREIGN COMMERCE FOR 1882.

The total value of the foreign commerce of the country during the year, embracing both imports and exports of merchandise and specie, amounted to \$1,566,859,456, as against \$1,675,024,318 during the preceding fiscal year, showing a falling off of \$108,164,862.

The following table exhibits the value of merchandise imported into, and of merchandise exported from, the United States, during each year from 1860 to 1882, inclusive; also the annual excess of the value of imports or of exports, expressed throughout in specie values:

VALUE OF MERCHANDISE IMPORTED INTO AND EXPORTED FROM THE UNITED STATES FROM 1860 to 1882, INCLUSIVE; ALSO ANNUAL EXCESS OF IMPORTS OR OF EXPORTS. (SPECIE VALUES.)

Year ended June 30.	Domestic. Dollars.	Foreign. Dollars.	Total Exports. Dollars.	Imports. Dollars.	Excess of Exports over Imports Dollars.	Excess of Imports over Exports. Dollars.
1860	316,242,423	17,333,634	333,576,057	353,616,119	—	20,040,062
1861	204,809,616	14,654,217	219,553,833	289,310,542	—	69,756,709
1862	179,644,024	11,026,477	190,670,501	189,356,677	1,313,824	—
1863	186,003,912	17,960,535	203,964,447	243,335,815	—	39,371,368
1864	143,504,027	15,233,961	158,737,988	316,447,283	—	157,609,295
1865	136,940,248	29,089,055	166,029,303	238,745,580	—	72,716,277
1866	337,518,102	11,341,420	348,859,522	434,812,066	—	85,952,544
1867	279,786,809	14,719,332	294,506,141	395,761,096	—	101,254,955
1868	269,389,900	12,562,999	281,952,899	357,436,440	—	75,483,541
1869	275,166,697	10,951,000	286,117,697	417,506,379	—	131,388,682
1870	376,616,473	16,155,295	392,771,768	435,958,408	—	43,186,640
1871	428,398,908	14,421,270	442,820,178	520,223,684	—	77,403,506
1872	428,487,131	15,600,455	444,177,586	626,595,077	—	182,417,491
1873	505,033,439	17,446,483	522,479,922	642,136,210	—	119,656,288
1874	569,433,421	16,849,619	586,283,040	567,406,342	18,876,698	—
1875	499,284,100	14,158,611	513,442,711	533,005,436	—	19,562,725
1876	525,582,247	14,802,424	540,384,671	460,741,190	79,643,481	—
1877	589,670,224	12,804,996	602,475,220	451,323,126	151,152,094	—
1878	680,709,268	14,156,498	694,865,766	437,051,532	257,814,234	—
1879	698,340,790	12,008,651	710,349,441	445,777,775	264,661,666	—
1880	823,946,353	11,692,305	835,638,658	667,954,746	167,683,912	—
1881	883,925,947	18,451,399	902,377,346	642,664,628	259,712,718	—
1882	733,073,937	17,277,236	750,351,173	724,623,317	25,727,856	—

EXPORTS OF MERCHANDISE.

From the foregoing table, it appears that the value of the exports of domestic merchandise from the United States during the fiscal year ended June 30, 1882, amounted to \$733,073,937, as against \$883,925,947 during the preceding year—a falling off of \$150,852,010.

It is impossible to show at the present time for the entire year the decreased value of the exports of the various commodities, as the work of compilation has not proceeded sufficiently far for that purpose. Such statistics will be presented hereafter. A preliminary statement published by this office shows, however, the quantities and values of the exports of such commodities for the eleven months ended May 31, as compared with the value of such exports during the corresponding eleven months of the preceding fiscal year. It appears from this statement that the value of the exports of breadstuffs during the eleven months ended May 31, 1882, amounted to \$172,896,255, as against \$249,246,328 during the corresponding months of the preceding fiscal year—a falling off of \$76,350,073; that the total values of the exports of provisions during the eleven months ended May 31, 1882, amounted to \$112,026,379, as against \$141,310,472 during the corresponding months of the preceding fiscal year—a falling off of \$29,284,093; and that the exports of cotton during the eleven months ended May 31, 1882, amounted to \$190,119,899, as against \$238,009,269 during the corresponding months of the preceding fiscal year—a falling off of \$47,889,370.

During the eleven months ended May 31, 1882, the falling off in the exports of wheat, including wheat flour, as compared with such exports during the corresponding months of the preceding fiscal year, amounted to 57,989,566 bushels, and the falling off in the exports of corn, including corn meal, amounted to 41,311,822 bushels. The exports of cotton, during the eleven months ended May 31, ex-

hibited a falling off of 843,684 bales, as compared with the exports during the corresponding eleven months of the preceding fiscal year.

The large decrease in the value of the domestic exports of the United States, amounting, as above stated, to \$150,852,010, appears, therefore, to have been due mainly to the falling off in the exports of cotton, breadstuffs and provisions—a result attributable almost entirely to the drought and other, unfavorable meteorological influences which prevailed during the crop season of 1881. The decreased production of cotton and of the cereals, during the crop season of 1881, as compared with such production during the crop season of 1880, is shown in the following table, compiled from data furnished to this office by the Department of Agriculture:

COMPARATIVE STATEMENT SHOWING THE RELATIVE MAGNITUDE OF THE CROPS OF COTTON, WHEAT, CORN, RYE, OATS AND BARLEY IN THE UNITED STATES DURING THE SEASONS OF 1880 AND 1881, RESPECTIVELY.

Commodities.	Season of		Decrease.	Per cent. of Decrease
	1880	1881.		
Cotton.....bales	6,600,000	5,400,000	1,200,000	18.2
Wheat.....bushels	498,549,868	380,280,000	118,269,778	23.7
Corn.....	1,717,434,543	1,194,916,000	522,518,543	30.4
Rye.....	24,540,829	20,704,950	3,835,879	15.6
Oats.....	417,885,380	416,481,000	1,404,380	.3
Barley.....	45,165,346	41,161,330	4,004,016	8.9

Of the total value of exports of breadstuffs during the eleven months ended May 31, 1882, 81.45 per cent. consisted of wheat and wheat flour, and 16.70 per cent. of corn and corn meal; the two embracing 98.15 per cent. of the total exports of breadstuffs.

The importance of the foregoing statements, in so far as they relate to breadstuffs and cotton, may perhaps be the better appreciated by considering the fact that during the year ended June 30, 1881, the value of the exports of products of agriculture amounted to the sum of \$729,650,016, and constituted 82.55 per cent. of the total value of the exports of domestic merchandise from the United States, and that the value of the exports of wheat and wheat flour, corn and corn meal, and cotton amounted to the sum of \$512,414,357, constituting seventy per cent. of the value of the exports of the products of domestic agriculture, and 57.8 per cent of the total value of the exports of domestic merchandise.

The only commodity the value of the exports of which exhibited an increase of any considerable magnitude was petroleum. During the eleven months ended May 31, 1882, the value of the exports of petroleum amounted to 46,563,142, as against \$34,762,341 during the corresponding months of the preceding fiscal year, showing an increase of \$11,800,801.

#### IMPORTS OF MERCHANDISE.

The value of the imports of merchandise into the United States during the year ended June 30, 1882, was larger than during any previous year in the history of the country. It amounted to \$724,623,317, as against \$642,664,628 during the preceding fiscal year, showing an increase of \$81,958,689 or 12.7 per cent.

It is impossible at the present time to show for the entire year the increased value of the imports of the various commodities, as the work of compilation has not proceeded sufficiently far for that purpose. A preliminary statement, however, shows the value of

the imports of such commodities for the eleven months ended May 31, 1882, as compared with the imports during the corresponding eleven months of the preceding fiscal year. The value of the imports of articles free of duty during the eleven months ended May 31, 1882, amounted to \$192,335,232, as against \$183,934,018 during the eleven months of the preceding fiscal year—an increase of \$8,401,214; and the value of imports of dutiable articles amounted, during the eleven months ended May 31, 1882, to \$469,619,570, as against \$399,809,801 during the corresponding eleven months of the preceding fiscal year—an increase of \$69,809,769.

This increase in the value of the imports of merchandise from foreign countries was due mainly to the increased imports of India rubber, gutta percha, raw silk, breadstuffs, chemicals, drugs, &c., cotton manufactures, fancy goods, flax and manufactures thereof, fruits, furs and dressed fur-skins, raw hemp, steel rails, ingots, bars, sheets and wire, leather and manufactures thereof, potatoes, silk manufactures, sugar and molasses, tin in plates, tobacco and manufactures thereof, wood and manufactures thereof, and wool and manufactures thereof.

The following table exhibits the commodities above mentioned, the value of the imports of which during the eleven months ended May 31, 1882, considerably exceeded the value of the same articles during the corresponding months of the preceding fiscal year:

STATEMENT SHOWING THE VALUE OF THE IMPORTS OF CERTAIN COMMODITIES DURING THE FIRST ELEVEN MONTHS OF THE FISCAL YEAR ENDED JUNE 30, 1882, AS COMPARED WITH THE VALUE OF THE IMPORTS OF THE SAME COMMODITIES DURING THE CORRESPONDING MONTHS OF THE PRECEDING FISCAL YEAR.

Commodities.	Eleven months ended May 31.		Increase.
	1882.	1881.	
	Dollars.	Dollars.	Dollars.
India rubber and gutta percha .....	13,111,254	9,928,679	3,182,575
Raw silk .....	12,104,373	9,881,982	2,222,391
Breadstuffs and rice .....	18,302,450	10,228,694	8,073,756
Chemicals, drugs, dyes and medicines ....	39,188,853	34,502,429	4,686,424
Cotton manufactures .....	32,408,692	29,586,731	2,821,961
Fancy goods .....	9,091,493	7,068,935	2,022,558
Fruits .....	16,937,264	11,590,479	5,346,785
Raw hemp .....	5,882,198	3,753,734	2,128,464
Steel ingots, bars, sheets and wire .....	12,148,242	5,314,289	6,833,955
Potatoes .....	4,389,510	731,605	3,657,905
Silk manufactures .....	36,355,057	30,139,882	6,215,175
Sugar and molasses .....	84,966,779	78,469,091	6,497,688
Tin in plates .....	14,972,729	12,855,320	2,117,409
Tobacco and manufactures thereof .....	8,764,400	5,652,903	3,111,497
Wool and manufactures thereof .....	44,858,527	38,681,883	6,176,644
Flax and manufactures thereof .....	18,209,376	16,649,501	1,559,875
Furs and dressed fur skins .....	4,925,108	3,700,818	1,224,290
Railroad bars or rails of steel .....	6,902,946	5,877,460	1,025,486
Leather and manufactures thereof .....	11,323,855	9,821,794	1,502,061
Wood and manufactures thereof .....	12,968,969	10,103,958	2,865,011
Total .....	407,812,075	334,540,167	73,271,908

Beside the commodities mentioned in the foregoing table, there was a large number of commodities the increased value of the imports of which amounted in each case to less than one million dollars.

There was a considerable falling off in the imports of certain commodities; during the eleven months ended May 31, 1882, the value of the imports of coffee amounted to \$42,322,496, as against

\$52,687,265 during the corresponding months of the preceding fiscal year—a falling off of \$10,364,769; and the imports of tea during the eleven months ended May 31, 1882, amounted to \$18,033,127, as against \$19,200,665 during the corresponding months of the preceding fiscal year—a falling off of \$1,167,538.

#### EXCESS OF THE VALUE OF EXPORTS OVER THAT OF IMPORTS.

The value of the exports of merchandise from the United States during the last fiscal year exceeded the value of imports of merchandise into the United States by the sum of \$25,727,856. This excess of the value of the exports over that of the imports of merchandise, as appears from a foregoing table, was less than during any preceding year since the year ended June 30, 1875.

#### IMPORTS AND EXPORTS OF GOLD AND SILVER COIN AND BULLION.

The following table exhibits the value of gold and silver coin and bullion imported into and exported from the United States from 1860 to 1882, inclusive; also the annual excess of imports or of exports:

#### VALUE OF GOLD AND SILVER COIN AND BULLION IMPORTED INTO AND EXPORTED FROM THE UNITED STATES FROM 1860 TO 1882, INCLUSIVE; ALSO ANNUAL EXCESS OF IMPORTS OR OF EXPORTS.

Year ended. June 30.	Exports.		Total Exports. Dollars.	Imports.		Excess of Exports over Imports. Dollars.	Excess of Imports over Exports. Dollars.
	Domestic.	Foreign.		Dollars.	Dollars.		
	Dollars.	Pollars.		Dollars.	Dollars.		
1860 .	56,946,851 .	9,599,388 .	66,546,239 .	8,550,135 .	57,996,104 .	—	—
1861 .	23,799,870 .	5,991,210 .	29,791,080 .	46,339,611 .	—	—	16,548,531
1862 .	31,944,651 .	5,842,989 .	36,887,640 .	10,415,052 .	20,472,588 .	—	—
1863 .	55,993,562 .	8,163,049 .	64,156,611 .	9,584,105 .	54,572,506 .	—	—
1864 .	100,473,562 .	4,922,979 .	105,396,541 .	13,115,612 .	92,280,929 .	—	—
1865 .	64,618,124 .	3,025,102 .	67,643,226 .	9,810,072 .	57,833,154 .	—	—
1866 .	82,643,374 .	3,400,697 .	86,044,071 .	10,700,092 .	75,343,979 .	—	—
1867 .	54,976,196 .	5,892,176 .	60,868,372 .	22,070,475 .	38,797,897 .	—	—
1868 .	83,745,975 .	10,038,127 .	93,784,102 .	14,188,368 .	79,595,734 .	—	—
1869 .	42,915,966 .	14,222,414 .	57,138,380 .	19,807,876 .	37,330,504 .	—	—
1870 .	43,883,802 .	14,271,864 .	58,155,666 .	26,419,179 .	31,736,487 .	—	—
1871 .	84,403,359 .	14,038,629 .	98,441,988 .	21,270,024 .	77,171,964 .	—	—
1872 .	72,798,240 .	7,079,294 .	79,877,534 .	13,743,689 .	66,133,845 .	—	—
1873 .	73,905,546 .	10,703,028 .	84,608,574 .	21,480,937 .	63,127,637 .	—	—
1874 .	59,699,686 .	6,930,719 .	66,630,405 .	28,454,906 .	38,175,499 .	—	—
1875 .	83,857,129 .	8,275,013 .	92,132,142 .	20,900,717 .	71,231,425 .	—	—
1876 .	50,038,691 .	6,467,611 .	56,506,302 .	15,936,681 .	40,569,621 .	—	—
1877 .	43,134,738 .	13,027,499 .	56,162,237 .	40,774,414 .	15,387,823 .	—	—
1878 .	27,061,885 .	6,678,240 .	33,740,125 .	29,821,314 .	3,918,811 .	—	—
1879 .	17,555,035 .	7,442,406 .	24,997,441 .	20,296,000 .	4,701,441 .	—	—
1880 .	9,347,893 .	7,795,026 .	17,142,919 .	93,034,310 .	—	—	75,891,391
1881 .	14,226,944 .	5,179,903 .	19,406,847 .	110,575,497 .	—	—	91,168,650
1882 .	43,475,368 .	5,937,208 .	49,412,576 .	42,472,390 .	6,940,186 .	—	—

It appears that during the fiscal year ended June 30, 1882, the value of the exports of gold and silver coin and bullion amounted to \$49,412,576, as against \$19,406,847 during the preceding year—an increase of \$30,005,729; and that the imports thereof amounted to \$42,472,390, as against \$110,575,497 during the preceding year—a falling off of \$68,103,107.

There was, during the fiscal year just closed, an excess of exports over imports of gold and silver coin and bullion, amounting to \$6,940,186, as against an excess of imports over exports during the preceding year of \$91,168,650.

—Preliminary Report of Chief of Bureau of Statistics.

## THE THREE GREAT BANKS OF EUROPE.

[CONTINUED FROM THE AUGUST NUMBER.]

More information can be given respecting some details of the work done by the Banks of France and Germany than about the Bank of England. With respect to the Bank of England a few points are known, and a few remarks have been published at various times by some of the governing body. Thus Mr. Thomson Hankey said, in his book on the principles of banking, with regard to the general management of the business:

"The first clearly admitted duty of every deposit banker is always to retain, at his command in cash, a certain amount of his deposits. When this reserve has been kept at about one-third of the total, and the remainder of the deposits invested in what are ordinarily called good banking securities, such as bills of exchange, loans for short periods on good securities, Government stocks, etc., no banker need apprehend difficulty. With regard to the investment of the capital, no part of this is required to be kept in reserve; all may be invested in interest-bearing securities, which should be of undoubted character, but not necessarily of the same ready convertible nature as that part which is held liable to recall of deposits."

Particulars of the amounts of bills discounted, and of the temporary advances used to be regularly published by the Bank of England in returns furnished to the Government, but these figures have not been continued since 1875. The following table gives the annual averages of these figures from the year 1855 to 1875 inclusive.

<i>Date.</i>	<i>Annual average of bills discounted</i>	<i>Annual average of temporary advances.</i>	<i>Annual average of "other" securities after deducting bills discounted and temporary advances.</i>	<i>Total annual average of other securities of Bank of England.</i>	<i>Proportion per cent. of bills discounted to total of "other" securities.</i>
	£	£	£	£	Per cent.
1855	6,004,000	682,000	8,630,000	15,316,000	39
1856	6,700,000	1,830,000	8,487,000	17,067,000	39
1857	9,474,000	1,850,000	9,068,000	20,392,000	46
1858	4,620,000	593,000	11,101,000	16,316,000	28
1859	5,570,000	978,000	11,648,000	18,196,000	30
1860	8,091,000	1,342,000	11,078,000	20,511,000	39
1861	6,586,000	1,015,000	11,136,000	18,738,000	35
1862	6,239,000	1,541,000	11,207,000	18,987,000	33
1863	7,402,000	2,228,000	10,546,000	20,176,000	37
1864	8,600,000	1,993,000	9,703,000	20,296,000	42
1865	8,601,000	2,442,000	9,525,000	20,568,000	42
1866	9,631,000	3,553,000	9,778,000	22,962,000	42
1867	5,846,000	1,814,000	10,575,000	18,235,000	32
1868	5,030,000	1,834,000	10,783,000	17,647,000	28
1869	5,808,000	1,849,000	9,165,000	16,822,000	34
1870	6,418,000	3,696,000	8,508,000	18,622,000	34
1871	6,411,000	2,838,000	9,554,000	18,801,000	34
1872	6,945,000	3,899,000	10,622,000	21,466,000	32
1873	7,737,000	2,907,000	10,999,000	21,643,000	36
1874	4,665,000	2,742,000	11,080,000	18,487,000	25
1875	4,402,000	3,332,000	11,429,000	19,163,000	23
1876	—	—	—	17,502,000	—
1877	—	—	—	18,861,000	—
1878	—	—	—	20,424,000	—



From these figures it appears that the proportion of bills discounted to the total of the other securities had rather diminished, and that of the temporary advances had increased up to the close of the period for which this information can be given. It is a matter of regret that this information is now no longer supplied in the same way as it used to be done. The bank is understood to continue its business in the same manner to the present time, and it is probable that the amount of bills discounted has been, at least, as large, if not considerably larger, of late years. With regard to the details of this class of the business, I must quote again from the work of Mr. Thomson Hankey, which I referred to before.

"Any person who is carrying on a respectable business in London, can have a discount account at the Bank of England, if introduced by any Director to whom he may be known, or by introduction to the Governors, with such references as they may think fit to require; and when once introduced and a discount account opened, he may send in bills daily for discount, the quality of the bills, and the amount to be granted, being subject to approval of the Directors in daily attendance."\*

The dividends paid by the Bank of England for the last three years have been as follows:

1876. Per cent.		1877. Per cent.		1878. Per cent.
April..... 9	....	April..... 10	....	April..... 9½
October... 9	....	October... 9	....	October... 9½

The value of the yield to the investor according to the *Investor's Monthly Manual*, of June 30th, calculated according to the proceeds of the last two dividends at the latest price was £3 19s. 9d. per cent. This includes, however, the result of the April division of 1879, which was at the rate of eleven and one-half per cent.

The Bank of France does a considerable business in the discount of bills, as regards quantity, but they are frequently very small in amount. The observations made in the report of the Bank of France on this subject are so curious that I transcribe the details for the last three years:

The report for 1878 states as follows:

#### PARIS.

The number of trade bills admitted to discount at Paris was.....	3,482,889
Representing a sum of.....	£ 124,249,050
Being on an average for each bill.....	35 14s. 2d.

These bills may be sub-divided thus:

1st. 1,335,952 bills on towns where there are branches of the bank, amounting to.....	35,679,904
2d. 2,146,937 bills on Paris, amounting to.....	88,569,146
3,482,889 bills in all, for.....	£ 124,249,050

Of this last-named number of bills there were:

4,898 bills of 8s. 4d. and below.	..	808,843 bills from £ 2 os. 6d. to £ 4.
240,640 bills from 9s. 2d. to £ 2.	..	2,428,508 bills above £ 4.

That is to say, about three-tenths in bills below £ 4 os. 6d.

\* *Hankey on Banking*, page 108.

You will observe, continues the report, the increasing number of trade bills under £4, the number of which, in 1877, was only 393,503, and which reached, in 1878, the number of 1,054,381, and you may judge from this of the extent of service rendered by the bank to the whole commerce of Paris.

#### BRANCHES.

At the branches, the number of bills admitted to discount was 3,791,950, representing a sum of £ 150,425,443, being on an average £ 39 14s. 2d. for each bill.

The average amount of the bills discounted by the Bank of France, has been as follows for the last three years:

#### AVERAGE AMOUNT OF BILLS DISCOUNTED.

	<i>At Paris.</i>				<i>At the branches.</i>		
	£.	s.	d.		£.	s.	d.
1876.....	31	9	2	.....	39	2	3
1877.....	32	7	6	.....	39	4	2
1878.....	35	14	2	.....	39	14	2

These amounts are certainly very small. It is curious to observe two things with respect to them. The one is the comparative immovability of the amounts of the bills discounted at the branches, the other is the slight increase in the amount of the bills discounted at Paris. This latter is the more curious, to my mind, as, considering the great drop in values during the last three years, it would not have been a thing to be wondered at if the bills current in France had diminished in size, and I have every reason to believe that this has been the case in England during the same period. The cost of working a business in which such small sums are dealt with must be very large.

The mere handling bills averaging a value of no more than about £32 to £35 each in Paris and £39 at the branches, with so small an average number of days to run, involves heavy expenses in book-keeping and presentation, especially as nearly all these small bills have to be presented for payment at the dwelling-places of the acceptors. The amount of discount which can be charged under these circumstances, even were it five per cent., would be scarcely an adequate remuneration for the trouble and expense necessarily involved.

These small bills amount to large sums in the aggregate, although, owing to the minuteness of the transactions, the total profit must be but small. Thus it is mentioned in the report for 1877, that the heaviest day's work during that year at Paris, as far as the number of bills was concerned, involved the manipulation of no less than 151,070 bills, representing an amount of £4,320,434. The 151,070 bills had to be presented for payment at 53,996 dwellings, for it is not the custom in France to make such bills payable at a bank. The amount of the sums received averaged about £28 each, and when the expenses of clerks and porters are considered, the book-keeping involved in the workings so many small sums, and the labor involved in telling over the cash collected, for undoubtedly many of the bills were paid in gold and silver and the notes of the bank, the cost of carrying on business in such a manner will be seen to be very large.

The Bank of France exercises great caution with respect to the bills which it admits to discount; bills with more than three months to run are not admissible. Three signatures at least of persons known to be solvent are required to each bill. Two signatures may, however, suffice, if the bank is satisfied that the bill really

rests on a business transaction, and a transfer of Government stock on approved securities is made to the bank to take the place of the third signature. Under these circumstances it may be taken for granted that paper with less than three signatures is rarely brought for discount.

The rate of discount fixed at the Bank of France is uniform for the whole of the country. The published rate is the maximum, not the minimum rate. This is the rate in that bank, and it is understood that it causes a good deal of difficulty in carrying on its business.

The Bank of France makes a charge for taking care of the securities intrusted to the care of the Bank. According to the letter of the French correspondent of the *Economist* of June 28th: "The charge for the guard of securities made by the Bank is twenty centimes for each twenty-five franc of Rente, or for each bond or share of whatever value it may be, but with a minimum of one franc. The bank cuts off and collects the coupons gratis, but will not undertake to collect dividends when, as for Italian Rente, the titles have to be presented."

The dividends of the Bank of France have been per share 1,000 francs, say £40.

£ 5 16 0 in 1876 .. £ 3 15 4 in 1877 .. £ 3 15 4 in 1878

The Bank of France renders, undoubtedly, great services to France, but the system on which the business is carried on in the country renders those services very costly to the Bank.

The low rate of discount has told heavily on the profits of the Bank of France. While in 1876 the dividend was £5 16s. per share, for the last two years it has only been £3 15s. 3d., and a very considerable sum has had to be taken from the reserves in order to provide these amounts. The Bank of France has not only a uniform rate of discount at Paris and at all the branches, but it has also only one rate of discount for bills. If it discounts a bill it is always at the minimum rate. This arrangement must be a great disadvantage to the Bank, and it has been much discussed of late in France whether it would not be advisable to discontinue it. I can hardly imagine a greater disadvantage to a bank than to be tied hand and foot by a cast-iron rule of this kind. The Bank of France has also a good deal of competition to work against. Considerable deposits are held by the other joint-stock banks in France, as will be seen by the following statement. I have been unable to form any estimate of the amounts held in deposits by private banks in France, but they must be very considerable.

Deposits of French banks, as stated on 31st December, 1878:

Crédit Foncier.....	£ 2,744,600	..	Crédit Lyonnais (31st	
Comptoir d'Escompte....	4,153,537	..	January).....	£ 7,354,690
Société des Dépôts and		..	Union Générale.....	868,871
Comptes-Courants ....	2,045,177	..	Société Algérienne.....	363,356
Crédit Industriel.....	3,526,417	..		
Société Générale.....	9,605,197	..		<u>£ 30,641,845</u>

The following figures, which are derived from the *Economist* of February 8th, give the proportion of silver and gold held by the Bank of France on the 31st December of each year from 1850 to 1878. It will be observed that the silver held has fluctuated from about £4,000,000 in 1856 to more than £42,000,000 in 1878, and the gold from about £2,100,000 in 1855 to more than £61,000,000 in 1876.

COMPOSITION OF THE STOCK OF THE PRECIOUS METALS HELD BY  
THE BANK OF FRANCE ON THE 31ST DECEMBER OF EACH YEAR  
(1850-1878).

Year.	Coin.		Bullion and foreign coins.	Totals.		General total.
	Gold.	Silver.		Gold.	Silver.	
	£	£	£	£	£	£
1850	700,000	17,236,000	860,000	1,560,000	17,236,000	18,796,000
1851	3,328,000	19,212,000	168,000	3,496,000	19,212,000	22,708,000
1852	2,832,000	16,940,000	136,000	3,968,000	16,940,000	19,908,000
1853	4,180,000	7,932,000	272,000	4,452,000	7,932,000	12,384,000
1854	7,216,000	7,448,000	4,000	7,220,000	7,448,000	14,668,000
1855	1,600,000	6,156,000	400,000	2,060,000	6,156,000	8,216,000
1856	2,304,000	3,912,000	968,000*	2,984,000	4,200,000*	7,184,000
1857	3,856,000	4,788,000	388,000*	4,024,000	5,008,000*	9,032,000
1858	10,724,000	10,180,000	628,000*	11,124,000	10,408,000*	21,532,000
1859	8,724,000	12,604,000	900,000*	9,124,000	13,064,000*	22,188,000
1860	5,036,000	9,948,000	984,000*	5,460,000	10,508,000*	15,968,000
1861	8,956,000	3,708,000	204,000	9,160,000	3,708,000	12,868,000
1862	7,016,000	4,364,000	696,000	7,712,000	4,364,000	12,076,000
1863	5,076,000	2,948,000	32,000	5,108,000	2,948,000	8,056,000
1864	9,932,000	3,680,000	412,000	10,344,000	3,680,000	14,024,000
1865	11,184,000	4,856,000	1,464,000	12,648,000	4,856,000	17,504,000
1866	18,104,000	5,484,000	4,280,000	22,384,000	5,484,000	27,868,000
1867	17,736,000	12,528,000	9,520,000	27,256,000	12,528,000	39,784,000
1868	13,748,000	18,992,000	11,564,000	25,312,000	18,992,000	44,304,000
1869	20,024,000	22,404,000	6,928,000	26,952,000	22,404,000	49,356,000
1870	11,324,000	2,552,000	6,012,000*	17,148,000	2,740,000*	19,888,000
1871	19,244,000	3,172,000	2,968,000*	22,136,000	3,248,000*	25,384,000
1872	23,260,000	4,924,000	3,468,000*	26,348,000	5,304,000*	31,652,000
1873	21,940,000	6,064,000	2,700,000*	24,452,000	6,252,000*	30,704,000
1874	32,512,000	12,536,000	7,980,000*	40,484,000	12,528,000*	53,012,000
1875	39,836,000	20,168,000	7,168,000*	46,972,000	20,200,000*	67,172,000
1876	56,740,000	25,544,000	10,476,000	61,216,000	25,544,000	86,760,000
1877	36,384,000	34,616,000	10,700,000	47,084,000	34,616,000	81,700,000
1878	—	—	—	39,344,000	42,324,000	81,668,000
1879†	—	—	—	29,664,000	44,910,000	74,574,000
1880	—	—	—	21,852,000	49,024,000	70,876,000
1881	—	—	—	26,124,000	46,648,000	72,772,000

\* The column of bullion and of foreign coins represented for these years, 1856-1860, 1870-75, the gold and silver divided according to their respective proportions in the columns of the total of gold and silver.

† We have added the returns for the last three years, taken from the *Bulletin de Statistique*.—Ed.

—R. H. Inglis Palgrave's Address before the London Institute of Bankers.

## REGULATIONS CONCERNING DEFACED AND LOST BONDS.

The following provisions of the Revised Statutes of the United States, and the regulations thereunder, concerning relief in cases of bonds of the United States which have been defaced, destroyed, or lost, have been issued by the Treasury department:

SEC. 3702. Whenever it appears to the Secretary of the Treasury, by clear and unequivocal proof, that any interest-bearing bond of the United States has, without bad faith upon the part of the owner, been destroyed, wholly or in part, or so defaced as to impair its value to the owner, and such bond is identified by number and description, the Secretary of the Treasury shall, under such regulations and with such restrictions as to time and reten-

tion for security or otherwise as he may prescribe, issue a duplicate thereof, having the same time to run, bearing like interest as the bond so proved to have been destroyed or defaced, and so marked as to show the original number of the bond destroyed and the date thereof. But when such destroyed or defaced bonds appear to have been of such a class or series as has been or may, before such application, be called in for redemption, instead of issuing duplicates thereof, they shall be paid, with such interest only as would have been paid if they had been presented in accordance with such call.

SEC. 3703. The owner of such destroyed or defaced bond shall surrender the same, or so much thereof as may remain, and shall file in the Treasury a bond in a penal sum of double the amount of the destroyed or defaced bond, and the interest which would accrue thereon until the principal becomes due and payable, with two good and sufficient sureties, residents of the United States, to be approved by the Secretary of the Treasury, with condition to indemnify and save harmless the United States from any claim upon such destroyed or defaced bond.

SEC. 3704. Whenever it is proved to the Secretary of the Treasury, by clear and satisfactory evidence, that any duly registered bond of the United States, bearing interest, issued for valuable consideration in pursuance of law, has been lost or destroyed, so that the same is not held by any person as his own property, the Secretary shall issue a duplicate of such registered bond, of like amount, and bearing like interest and marked in the like manner as the bond so proved to be lost or destroyed.

SEC. 3705. The owner of such missing bond shall first file in the Treasury a bond in the penal sum equal to the amount of such missing bond, and the interest which would accrue thereon, until the principal thereof becomes due and payable, with two good and sufficient sureties, residents of the United States, to be approved by the Secretary of the Treasury, with condition to indemnify and save harmless the United States from any claim because of the lost or destroyed bond.

Parties presenting claims on account of a coupon or registered bond of the United States which has been destroyed wholly or in part, or on account of a registered bond which has been lost, will be required to present evidence showing—

- 1st. The number, denomination, date of authorizing act, and rate of interest of such bond; whether coupon or registered; and, if registered, the name of the payee. In the case of a registered bond, it should also be stated whether it had been *assigned or not* previous to, or since, the alleged loss or destruction, and if assigned, by whom, and whether assigned in blank or to some person specifically by name; and if assigned in the latter manner, the name of the assignee should be given.

- 2d. The time and place of purchase, of whom purchased, and the consideration paid.

- 3d. The place of deposit of the missing bond; whether or not any person or persons, other than the owner, had access thereto; and in the event of its having been accessible to other parties, their affidavits, in addition to that of the owner, should be furnished, showing their knowledge of the existence of the bond, and of the fact of its loss or destruction.

- 4th. The material facts and circumstances connected with the loss or destruction of the bond.

5th. It should be shown by the affidavits of credible persons, if practicable by United States officers, that the statements of the claimant as set forth in his affidavit, are worthy of the confidence of this Department; and that he is the identical person named in the application.

In all cases, the evidence should be as full and clear as possible, that there may be no doubt of the good faith of the claimant. Proofs may be made by affidavits duly authenticated, and by such other competent evidence as may be in the possession of the claimant.

#### GENERAL FORM OF AFFIDAVIT.

Personally appeared before me, a notary public in and for the city of —, county of —, and State of —, the subscriber, —, who, being duly sworn according to law, deposes and says, that — is the lawful owner of the following described registered bonds of the United States, viz.:

No. —, for \$ —, act of —, 18—, — per cent.; and No. —, for \$ —, act of —, 18—, — per cent., registered in — name on the books of the Treasury Department, —, 18—; that no assignment or transfer of said bonds [or either of them] has been made by — or — attorney, either in blank or by a specific assignment, or in any manner whatever; that said bonds have not, nor has either of them, by hypothecation, pledge, loan, or otherwise, passed from the custody or control of said — with [his or her] knowledge or consent; that the said bonds were stolen from —, the said —, at —, on the —, by some person or persons unknown to —; and that due diligence has been exercised in endeavoring to recover the said bonds, without success. [State what has been done.]

— of —, —.

Sworn to and subscribed before me, this, the — day of —, A. D. 18—; and I certify that said —, personally well known to me to be the identical person mentioned in the foregoing affidavit. —, Notary Public.

Affidavits and other evidence pertaining to the claim should be transmitted to the Secretary of the Treasury. Upon receipt of such documentary evidence it will be referred to the First Comptroller of the Treasury Department for his decision as to its sufficiency. The applicant will be advised of the decision as soon as it is reached: if it be favorable to such applicant; a blank indemnity bond will be forwarded to him for execution; and when this indemnity bond shall have been duly executed, returned to the Department, and approved by the First Comptroller and the Secretary, the relief desired will be granted.

A duplicate in lieu of a lost registered bond will not be issued within six months from the time of the alleged loss.

The interest on an uncalled registered bond will be paid to the payee thereof, even though the bond has been lost or destroyed.

These regulations do not apply in any way to coupons lost or destroyed which have been detached from the bonds to which they belonged, as no relief, in such cases, can be granted under existing laws.

## CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

The Bankers' Association began its annual session on the 16th of August at Saratoga, and closed the following day. The attendance was larger than ever before, comprising representatives from every part of the country. Before the delivery of the opening address by the President of the Association, Mr. Geo. S. Coe, of New York City, Mr. William H. Foster, of Salem, Mass., was introduced, who had served as the cashier of a bank for fifty-nine years.

When this interesting incident was over, Mr. Coe delivered his address. This we have given nearly in full elsewhere, because of its great practical importance, and also for the reason that it was the leading address on the occasion.

After its delivery the Hon. Luke Poland, of Vermont, presented a resolution directing the Executive Committee to ascertain the laws of the several States in regard to commercial paper, and especially the variations and differences therein.

Also, whether, under the constitutional power given to Congress to regulate commerce among the several States, it is not competent for Congress to make laws governing commercial paper drawn in one State upon a party in another, or made in one State and payable in another, so that such laws shall be uniform throughout the nation.

Also, whether, it is expedient for Congress to exercise such power if the Constitution confers it, and report at the next annual meeting of the association.

After remarks by Messrs. C. C. Bonney and L. J. Gage, both of Chicago, in support of the resolutions, they were adopted, and the committee authorized to employ lawyers to investigate the subject with them.

Professor Atwater then read a paper on "The Currency of the Future," starting with the proposition that, in all normal conditions, no money ought to be tolerated which is not coined by the National authority from the precious metals, or paper notes issued by the same authority, immediately convertible for their face into such coin, and proceeding to discuss the question, how shall the requisite elasticity be given to the currency without hazarding its soundness and convertibility? He thought that a single modification of the system is wanted to utilize its full power of imparting elasticity to the currency. That is, to require an average reserve, say for a year or half year, rather than a specified minimum amount, on each and every day. Then, if any sudden vacuum arises in the money market, these reserves, instead of being forbidden fruit, can be freely drawn upon to meet it. He also advocated the repeal of all usury laws, the equality of the silver dollar in bullion value with the gold dollar, and the issue of gold and silver certificates.

Colonel Grosvenor, of New York, read a paper on "Clearings." Among other points mentioned, he declared it is the peculiar merit of the Clearing-House information that it cannot be cooked to suit anybody's palate. Crop reports, railway returns, accounts of the state of business, can be distorted. But the Clearing House will never help to persuade a merchant that business is good when it

is bad. Its record is impartial, automatic and accurate. It cannot be inflated, when there is an effort to create a mistaken belief in the general prosperity; again and again it has confounded those who have sought to manufacture a panic. As gas or water register their volume in passing through a meter, so the actual business of the country records its own amount in the Clearing-House settlements, with entire indifference to individual interests or preconceived beliefs. It is often amusing, when business is marching on with undiminished force, to hear of men telling of general stagnation and disaster. "Nothing doing; everything dead," they say; just as some fashionable lady reports "nobody in town," because her set is rustivating. In many emergencies, the value of the truthful record which the Clearing House gives can hardly be overestimated.

What proportion of the entire business of the country do the exchanges represent? By the aid of data obtained by Comptroller Knox, an estimate may be made of the payments at banks not in Clearing House cities. Receipts of all kinds, by all National banks, were \$284,714,016 on the 30th of June, and \$295,233,779 on the 17th of September, 1881. Of these amounts, eighty-five per cent. June 30th, and 81.4 per cent. September 17th, were at thirteen Clearing House cities, at which the exchanges last year were \$63,501,190,824. Hence it may be concluded that the transactions between all banks were from \$74,700 to \$77,900 millions. In addition, payments made at the banks escape record when they only involve transfers from one account to another. Where there are many banks, the proportion of these is small, but a third of the local business might escape notice when there are only three banks, and half of it when there are only two. Hence the average of receipts for all banks on the days named by Mr. Knox may approximate closely to the average daily for the whole year, and if so the aggregate receipts by all the banks were about \$88,000,000,000 in 1881. It can hardly be an exaggeration to say that the business done through the banks last year amounted to \$80,000,000,000, but of this vast sum over eighty per cent. is recorded in the reported exchanges.

A second point of interest is the economy in the use of money which the returns disclose. The balances paid at New York last year were only \$1,753,550,349, so that about ninety-six and a half per cent. of all the payments were made by the mere surrender of mutually-cancelling claims. Of the three and a half per cent. paid in balances, by far the greater part was paid with Clearing-House certificates. At Philadelphia, where certificates and checks are used, the balances are only nine per cent., at Boston about twelve, at St. Louis fifteen, at New Orleans ten, at Milwaukee seventeen, at Pittsburgh twenty-one, and at San Francisco twenty-four per cent. At some cities with fewer banks and smaller business, the ratio rises higher; in 1880 it was thirty-four per cent. at Worcester and thirty-six per cent. at Lowell. Though data are not complete, the balances paid at all Clearing Houses outside of New York in 1881 probably were about \$1,970,000,000, or fifteen per cent. of exchanges. But for these institutions it would not be possible that over ninety-five per cent. of all the receipts by the National banks should be in checks, drafts and certificates, as it was according to the Comptroller's report on the dates therein named. In some respects, therefore, the Clearing-House system has the effect of a vast addition to the currency. It does not put more money into the



pockets of consumers, and thus prompt the increased expenditure which currency inflation is apt to promote. But it does enable the commerce of the country to be carried on without disturbance or risk upon cash reserves, which, but for that system, would be entirely inadequate.

Mr. Baldwin, of the Fourth National Bank of New York, criticised the conclusion of Colonel Grosvenor regarding the proportions of the business done by merchants and brokers about holiday times, as evidenced by Clearing-House figures.

Mr. Gibson, said by the President to be a broker in New York and a banker in California, gave his experience showing the annoyance caused by the laws governing holidays, and somewhat confirming the deductions which Colonel Grosvenor had drawn from his figures.

A letter was presented from R. H. Inglis Palgrave, London, Editor of the *London Economist*, acknowledging the invitation to attend the meeting, and inclosing a statement showing an important move in English banking, consequent upon the failure of the City of Glasgow and West of England banks there. The principle of limited liability by bankers under the law of 1879 was adopted generally, which gave ample security to depositors and at the same time protected stockholders from being liable to the extent of their fortunes. There has been an improvement in the quality of the proprietary since the adoption of the limited liability provision, persons of better standing taking shares since the full extent of their risk has been fixed by law. Depositors are satisfied that the limited liability of the wealthy is better than the unlimited liability of the needy.

Mr. John Thompson, Vice-President of the Chase National Bank of New York, delivered an address on "Our Financial Situation and the Dangers of the Future." In analyzing the effect and importance of the recent financial legislation at Washington, he said that there were three points worthy of attention:

*First.*—The section in the law permitting banks of \$150,000 capital and under to be organized or extended on one-quarter of capital in bonds will very materially enlarge the number of National banks. The bonds that can be withdrawn from existing banks will supply the demand for new organizations, so that the present volume of bank currency will be but slightly diminished.

*Secondly.*—The clause making it obligatory on the United States Treasury and Sub-Treasury to give Treasury certificates in \$20, \$50, and \$100 denominations in exchange for gold coin, will supersede, to a considerable extent, the transmission of coin in filling orders for currency, and the power given to banks to count silver certificates in their reserves will make that currency, which is mostly in ten-dollar denominations, par everywhere. On the whole, our currency status shows an increased elasticity, as the issue of two millions per month of silver certificates will more than cover any contraction in bank currency; gold as well as silver coin will be lodged in the Sub-Treasury to an enormous amount, and a paper currency issued against it. All the various elements of our currency are on a par with each other.

*Thirdly.*—The turning of our three-and-a-half-per-cent. bonds into a three per cent. is of little financial importance. The clause in the law which is intended to stop the credits given to brokers by ordering National banks not to certify checks beyond the credit balance, will amount to nothing where the parties of the first and

second part have studied the art of kite-flying and the art of book-keeping to match. A bank, however, that is deeply interested in brokers' accounts, should turn from the National to the State system and gracefully avoid criticism.

Mr. Thompson was followed by Mr. A. D. Lynch, President of the First National Bank of Indianapolis, Indiana, on "Banking in the West." Referring to the history of banking in his own State he said: The first regularly chartered bank was forty-eight years ago, and known as the State Bank of Indiana, a number of branches were organized, which were liable for the debts of each other.

The system of taxation upon the several shares produced a large revenue for educational purposes, which together with other carefully husbanded resources, has provided the largest educational fund of any State in the Union. At that time there was not surplus capital for investment, so that the capital was largely borrowed from outside the State.

The State itself became a stockholder to the sum of one million dollars, and extended its aid to stockholders who were unprepared to advance the actual cash capital, although they were owners of improved real estate, taking satisfactory security for its credit loaned. The State realized a profit of more than two millions of dollars after the return of the principal.

This bank entered upon its voyage in the midst of one of the fiercest financial storms in the history of our country. Those of us who were yet in our cradles during the disastrous year 1837, cannot read even the imperfect sketches of that terrible time without a feeling of shudder and alarm. Like the fierce and destructive tornado which sweeps through the great oak forest, leaving but here and there a silent sentinel to tell of the former grandeur, so in this mighty financial convulsion there was scarcely a bank in the West that did not fall before the fearful ravages, except that of the State Bank of Indiana.

This first experiment of incorporated institutions for banking in Indiana was a grand success, and reflected the highest credit and foresight upon the managers. But in 1852 a general free-banking law was passed, and then came the opening of "Pandora's box." All the evils known in the calendar of banks and trade were thrown upon an innocent people. From a system strong, conservative and invincible, we suddenly swung to an organization loose, impracticable, fit only to seek, as it did, a hiding place in the hills and hollows and inaccessible places of the State.

The statistics show that out of ninety-four (94) free banks fifty-one (51) suspended, and an irredeemable circulation was traded and shuffled from hand to hand as if infected by disease and poison. Such strange and fanatical legislation has marked the history of nearly every State, and all countries. But in time reason is restored. So, after the free banking bubble had burst, a charter was granted the Bank of the State, with branches.

This institution made a most honorable and successful record. During the trying times of 1857 this bank met all demands of every kind, including an honorable and prompt redemption of its notes; and upon its final retirement a bond was given for the redemption of all outstanding circulation, and, so far as I have been able to learn, this promise has been most faithfully kept.

The legislation of a number of the Western States has been most unfriendly to banking interests in their own jurisdiction. The State of Ohio imposed heavy penalties upon the United

States Bank, but finally failed to sustain the proceeding which had been instituted. Again, the Legislature of Ohio imposed a most ruinous tax upon capital invested in banking. With a splendid system of security, not unlike, in this respect, the present National Banking Law, the Legislature of the State exhausted the vitality, destroyed the usefulness, and, finally, compelled the banks to retire from business, by the iniquitous system of taxation. But in time a broader view was taken, common sense ruled, and discrimination against one of the most important and indispensable branches of business was again set aside and overruled; and as a result, we find this grandest of States growing under just laws, instead of compelling its capital to seek investment in other territory.

The great State of Illinois has also passed through the fires of experience, and though the legislation was more liberal than some of the other Middle-Western States, yet it had its failures and depreciation of currency. And so with most of the States, a peculiar history attached to their financial experience, which is distinctive in its character, and which cannot be compared with any other system or organized trade.

The convention adjourned after the reading of this paper, and the next morning Mr. Harvey, of Mobile, gave a brief account of the crop prospects in the Southern States, which he says are good. The planters of Alabama are getting rid of the incubus of debt.

A paper on "The Industrial Growth of Mississippi and the Cotton States" was then read by Mr. W. H. Perkins, Cashier of the Capital State Bank, Jackson, Miss. He declared that the people of the State wanted money—cheap money. We have one National bank, with a capital of \$75,000, and perhaps half a million in various private banks scattered throughout the State. We need in the central part of the State a National bank, with at least half a million capital, all of which could be profitably employed in developing and aiding manufactories of cotton, wool, machinery, in bringing to the surface the vast wealth in our marl beds, which are abundant, and in enabling our planters to get out of debt, and to bring producer and consumer in direct contact.

Mr. Logan H. Roots, President of the Merchants' Bank, of Little Rock, Ark., gave a glowing account of the progress and present prosperous condition of business in that State. The old times, when the planters considered it necessary to keep in debt to their commission merchants have passed away, and the new crop is being made with great economy, so that the planters will have much money ahead next fall and winter. He called for capital to develop the mineral and agricultural resources of Arkansas; also for young men to act as bookkeepers and accountants. Competition in brains and money is not so great at the South as at the North.

Mr. R. M. Nelson, of Selma, made a brief presentation of the condition of things at Alabama, first sketching how very bad they were at the end of the war, when only lands and debts were left. He then told how everything is now prospering here, and claimed the South to be now the most prosperous country of the world. He said: Now the railroads in Alabama cannot obtain the means to move all the freight that is offering.

Mr. Hepburn, the Superintendent of Savings Banks, and Mr. W. B. Williams, of Jersey City, read papers relating to Savings

banks, which will be given at greater length in the next number than could be done if presented now.

"Is More Coin Needed," was a question discussed by Mr. Charles Harrison, of Pittsburgh, Pennsylvania. He affirmed that the process of minting is wholly inadequate to supply currency to a people largely engaged in business in sufficient volume to conduct business on an exclusive money basis. Credit is accordingly the principal factor of all business transactions throughout the civilized world. That a currency based on credit should be an outcome of such necessities is not strange; and credit in the abstract being such an intangible thing, that it is likewise not strange that it has been a question for serious consideration, during many ages, how a currency based principally upon credit shall be rendered substantial and beyond ordinary contingencies of failure in value or purchasing power. Like its minting, each nation has adopted a plan of its own, but it is with conscious pride that we point to the happy solution of the problem in this country. A currency of wonderful volume, issued under a system that for strength and elasticity is without a parallel in the history of the world, provides the uniform convenience for business in all parts of the Nation, a currency issued by and through banks, of equal purchasing power as if it had been issued by the mint itself. In view of the acceptance of such money by the people, of what further use is the mint? A startling suggestion, perhaps, at first blush; almost heretical in its audacity. But, nevertheless, why not look at it as it is?

A dollar is a certain number of grains of precious metal of a certain degree of fineness. By the process of minting, a coin becomes impressed with a certificate of the Government that its constituent material complies with the law making it what it purports to be; this and nothing more. When this money goes into circulation it buys no more nor less than money that is based upon credit properly maintained. The minted money is inconvenient to handle or to carry, in comparison with the currency that is provided by the banks, and where the purchasing power of the latter is fully assured, as in the United States, it is greatly preferred by the business community as a medium of exchange and for the payment of debts. When coined money passes beyond the territory of the nation whose stamp it bears, the process of minting has become a useless expenditure of time and energy; the coin then passes as bullion simply. It is not necessary to call into question in the slightest degree the necessity of maintaining the precious metals as the true measure of values as a basis of currency, as a reserve to maintain public credit for every monetary purpose whatever to which it is now applied, except as a circulating medium of exchange only, when calling into question the necessity of maintaining a mint under existing conditions of finance in this Nation. Does it appear unreasonable that reserves can be held as well in the form of bullion as in the form of coin? A certain number of grains of a certain degree of fineness is as valuable intrinsically without minting as by undergoing that process.

Mr. William Brown, of Montreal, presented a paper on the proposed establishment of "An American Bimetallic Union."

In it he advocated the mintage of American silver and gold, as full legal tender, at the current European ratio of 15.5 to 1, taking the ground that that ratio has stood the test of a hundred years, a century embracing a most eventful period in commercial and general

history—that it has been unaffected by all that California and Australia have poured from their mines—that the French bimetallic system has not only been a source of security and progress to France, but has proved a corrective of those monetary fluctuations which are, to so large an extent, the fruits of mono-metallic doctrine, that the cost of producing the mass of gold as compared with the mass of silver is, bulk for bulk, fifteen and a half times greater in the case of the gold than in that of the silver, “a fact on which the market and the mint have placed their stamp for a hundred years,” that an open mint in a bimetallic union cannot fail to enrich the bimetallic nations at the expense of the mono-metallic, that the European ratio of 15.5 to 1 is more reliable than the American of 15.98 to 1, inasmuch as the former has been tested where, in like circumstances, the latter has been found to fail, and as America has heretofore been drained of her full-standard silver at her current ratio of 15.98, and that on the whole it would be better to remint the American gold, as was done in France in 1785, so as to bring the American monetary system, as regards the ratio, into full accord with that of the Monetary Latin Union of Europe. All these important points receive careful attention in the pamphlet itself.

The Commissioner of Internal Revenue, the Hon. Green B. Raum, furnished some valuable statistics, a portion of which are given below, and others will be found on another page.

PARTIAL STATEMENT OF THE GROSS AMOUNTS OF AVERAGE CAPITAL AND DEPOSITS OF SAVINGS BANKS, BANKS AND BANKERS, OTHER THAN NATIONAL BANKS, FOR THE YEARS ENDED MAY 31, 1878, 1879, 1880, 1881, AND 1882.

	1878.	1879.	1880.	1881.	1882.
	\$	\$	\$	\$	\$
Capital of savings banks . . . .	5,609,330	3,597,392	4,004,821	4,187,396	3,802,123
Capital of banks and bankers . .	206,807,732	193,781,219	192,173,555	207,464,924	222,227,280
Deposits of savings banks . . .	843,416,920	829,912,178	796,704,336	890,066,344	959,658,376
Deposits of banks and bankers .	463,426,532	407,661,079	469,124,384	597,381,514	739,319,416
	1,539,350,514	1,434,951,868	1,462,007,096	1,609,090,378	1,925,007,19

PARTIAL STATEMENT OF AVERAGE CAPITAL AND DEPOSITS OF SAVINGS BANKS, AND THE CAPITAL OF BANKS AND BANKERS, OTHER THAN NATIONAL BANKS, INVESTED IN UNITED STATES BONDS, COMPILED FROM THE RETURNS OF SAID BANKS AND BANKERS DURING THE YEARS ENDED MAY 1878, 1879, 1880, 1881, 1882.

	1878.	1879.	1880.	1881.	1882.
	\$	\$	\$	\$	\$
Capital of savings banks . . . . .	601,872	429,791	507,876	812,768	1,102,993
Capital of banks and bankers . .	36,425,306	40,013,376	40,371,865	35,009,939	38,431,379
Deposits of savings banks . . . .	121,855,622	154,847,346	182,580,893	194,886,529	233,575,036
	158,882,800	195,290,513	221,460,634	230,799,236	273,109,353

Mr. S. Dana Horton, of Ohio, one of the delegates to the International Conference of Bimetallic Currency, thought the subject had not received proper consideration in this country.

The Executive Council presented a resolution which was adopted, in relation to the amount of notes authorized to be issued on bonds deposited under the recent amendments to the National Banking Law. It claims that a reasonable construction of Section

to authorize the Comptroller to issue to banks having over \$100,000 capital circulating notes equal in amount to the par value of United States bonds deposited to secure the same when the par value does not exceed ninety per cent. of the current market value of such bonds; also, that such a construction of the law, enlarging materially as it would the foundation on which rests our system of National-bank currency, would be highly beneficial to all business interests, as it would tend to retire a considerable portion of their circulating notes; also, that if the Comptroller of the Currency shall be unable thus to construe the existing law, this Convention hereby recommends such issue of circulating notes to National banks upon the aforesaid basis.

Mr. J. M. Fetter, of Kentucky, offered a resolution asking that some means be suggested by the Executive Committee whereby an interchange of information regarding borrowers may be made between banks of the same locality, to prevent persons receiving too much credit. The resolution was referred to the Council to report thereon next year.

Mr. W. E. Gould, of Portland, offered a resolution for a committee of three to take into consideration the laws of the various States regulating savings banks, and present to the Association next year a plan for organizing and maintaining such institutions, whereby certain essential features may be incorporated into the several State laws, so that they may be controlled by more uniform legislation.

A committee was appointed, consisting of Messrs. W. E. Gould, of Portland; A. B. Hepburn, of New York, and D. D. Lynch, of Indianapolis.

The Committee on Nominations reported, presenting Mr. George S. Coe, President of the American Exchange Bank of New York, for re-election as President; L. J. Gage, Vice-President of the First National Bank of Chicago, for Vice-President, with the same Vice-Presidents from the other States and Territories as last year, except Mr. J. Thomas Smith, Cashier of the National Bank of Baltimore, in place of Mr. Daniel Annan for Vice-President for Maryland, and also the Executive Council to be the same as last year. The officers were all elected.

After a vote of thanks to the officers and to the gentlemen who had presented papers the Association adjourned.

## IVORY.

The London market is so poorly supplied with ivory that apprehensions are expressed that the supply will always hereafter be small and the price so high that it will no longer be possible to use this material for piano keys and many other purposes to which it has been devoted. It is rapidly becoming an expensive luxury. It is stated that one Sheffield manufacturer has just purchased 522 tusks, which he will use up in a fortnight. This represents 261 elephants, disposed of to satisfy the demands of one ivory cutter in two weeks. At the April quarterly sales only eighty tons were offered as against 122 tons in April, 1881. Prices advanced £3 and £4 per hundred weight. It is a satisfaction to know that imitations of ivory are now made which answer almost every purpose of the original article.

## CURRENT EVENTS AND COMMENTS.

*FEDERAL LANDS.*

The Federal Land Office has sold and given away in the fiscal year just closing 13,000,000 acres, the largest on record. Add the sales by States out of their grants, by Texas out of its imperial domain, and by railroads, and at least 17,000,000 acres have passed from public to private ownership by sales during the last year, an area half as large as Pennsylvania, with a population, sparse as it is, twice the size of Vermont. In a word, a new State annexed by the peaceful Western march of emigration.

*CANNING INDUSTRY OF CALIFORNIA.*

The canning industry of California is an enormous traffic. It is not confined to fruits, but includes fish and vegetables in great quantities. During the present season the canneries have formed a combination, the effect of which is to keep the prices more under their control. It is estimated that the aggregate pack of this year will be about the same as that of 1881, which was 1,100,000 cases. Of this 200,000 cases were consumed in the State and 900,000 cases exported. The salmon pack in California is somewhat less than usual, but the pack on Columbia River, and farther north is slightly greater. The whole salmon catch of the coast is about 1,000,000 cases.

*ARLBERG TUNNEL.*

The length of the Arlberg tunnel will be 6,382 miles. The culminating point will be 2,611 miles from the eastern extremity, at an altitude of 1,332.63 yards above the Adriatic. The work was begun in June, 1880. Two perforators are used; at the eastern end the Ferroux machine, which was employed at the St. Gothard tunnel, acting by percussion and moved by compressed air; at the west end is the Brandt machine, which is moved by water under pressure, and drills by boring. It had given excellent results at Pfoffen-sprung, upon the Swiss side of the St. Gothard, and the inventor guaranteed an advance of at least six feet four inches per day, a guarantee which has been largely exceeded. The simultaneous employment of the two engines is especially interesting, since it will allow a comparison under identical conditions, and will have a great influence upon the choice of methods in the piercing of future tunnels. The ventilation will be effected by a separate apparatus, distributing air under a low pressure, through pipes carried into the neighborhood of the workmen. The specifications provide for a minimum volume of 150 cubic meters per minute for each workman. At St. Gothard the supply rarely reached 100 cubic meters.

*NEW SMELTING PROCESS.*

The Duryee (Canada) Furnace and Manufacturing Company is reported to be in possession of a new process for smelting iron ores, and converting them directly into malleable iron or steel, which, it is said, will shortly supersede all others. In the furnace

which the Duryee Company has had constructed the fuel used is crude petroleum, instead of coal or coke, the oil being fed in the form of a spray led into a strong blast from a rotary blower. Petroleum is very cheap and readily obtained, and the action of the blow-pipe in connection with the spray is stated to give a most intense heat, easily regulated. The furnace, we learn, readily fuses the most obstinate and refractory ores, and all descriptions may be reduced at an expense of about seventy-five per cent. less than the most favored methods now in use. The titanic ore of Baie St. Paul, Quebec, for instance, which has hitherto defied the utmost skill brought to bear upon it, is reported to have been converted by the Duryee process in between three and four hours into malleable iron blooms. One of the most experienced and skillful metallurgists in the Dominion—we have not been able to ascertain his name—has thoroughly examined and practically tested the new process, and is said to have pronounced it “beyond doubt the most wonderful discovery ever made in connection with iron smelting.” Moreover, one of the largest iron and steel manufacturers in the United States, who has tested the capacity of the process for de-phosphorizing ores, is affirmed to have described the operation as perfect. If all that is said of the Duryee process should prove to be correct, it is not too much to claim for it that it is destined to revolutionize the iron trade in America, or that of any other country where petroleum can be obtained at a low rate.—*Iron.*

#### VALUE OF COTTON SEED.

The cotton boll as brought in from the field is one-third lint and two-thirds seed. For every bale of cotton weighing 500 pounds sent to market, 1,000 pounds of seed were formerly left about the gin-house to rot, or at best to be hauled over the plantation as a fertilizer. Ten years ago other use for it was scarcely dreamed of. Now it is known to contain a large number of constituents, and new developments of its utility are constantly being brought to light. During the last two years over fifty mills have sprung up for the manipulation of the seed into the various products for which there is a large and increasing demand. A notable effect of the new industry has been an advance in the price of cotton seed within the year past from six to twelve dollars a ton. This means, of course, for each bale of cotton an additional profit to the planter of six dollars. From the 1,000 pounds of seed, costing six dollars, the manufacturer gets about seventeen and a half gallons of oil worth to-day 45 cents per gallon, while the residuum cake is considered more valuable as a fertilizer than the seed from which it is made, and sells for as much as the seed costs.

The oil has met with a strong demand in France and Italy, where skillful manufacturers have devised refining processes which convert it into an article hardly to be distinguished from the best olive oil. As such it is said to be largely imported into this country. There is no reason, of course, why it should not be used as a substitute for the French or Italian product if it shows in use no difference of taste or properties, especially as it is much cheaper. The utilities involved in the new cotton-seed industries may be comprehended when it is stated that they add twenty-five per cent. to the value of the cotton crop. The crop for the census year 1879-80 was 5,737,257 bales, worth \$286,862,850, to which, if the figures of our correspondent be correct, the new cotton-seed industries add a value of \$71,713,210.



## AVERAGE CAPITAL AND DEPOSITS OF BANKS AND BANKERS.

The following partial statement of the average capital and deposits of banks and bankers for the twelve months ended May 31, 1882, was prepared for the Convention of the American Bankers, at their recent meeting at Saratoga, by the Commissioner of Internal Revenue :

	<i>Average capital and deposits of banks and bankers.</i>			<i>Average capital and deposits of Savings banks.</i>			
	<i>Average capital.</i>	<i>Average taxable capital.</i>	<i>Average deposits.</i>	<i>Average capital.</i>	<i>Average taxable capital.</i>	<i>Average deposits.</i>	<i>Average taxable deposits.</i>
	\$	\$	\$	\$	\$	\$	\$
Alabama	1,162,487	1,162,026	3,587,118	—	—	—	—
Arizona	133,522	133,522	830,386	—	—	—	—
Arkansas	174,845	169,004	723,558	—	—	—	—
California	18,263,003	12,158,724	43,077,200	2,232,466	1,279,004	46,132,843	8,491,792
Colorado	1,083,524	1,083,524	4,801,210	—	—	—	—
Conn.	2,869,752	2,790,612	6,499,150	—	—	80,724,496	1,801,628
Dakota	322,274	322,274	757,886	—	—	—	—
Delaware	551,532	551,532	987,356	—	—	1,554,760	12,444
Florida	123,455	123,455	803,926	—	—	—	—
Georgia	3,326,010	3,326,010	4,778,582	—	—	1,055,716	357,708
Idaho	12,036	12,036	59,420	—	—	—	—
Illinois	14,192,150	12,119,744	48,372,764	62,175	34,354	1,056,462	45,166
Indiana	4,455,775	3,735,878	16,378,406	—	—	1,791,619	82,636
Iowa	5,465,826	5,485,408	22,305,184	30,833	30,656	258,565	19,943
Kansas	2,266,549	2,200,334	7,779,546	—	—	—	—
Kentucky	11,487,010	10,906,092	17,173,284	—	—	—	—
Louisiana	2,393,988	2,078,226	5,503,452	41,863	41,863	39,743	—
Maine	69,942	64,066	713,126	—	—	25,290,209	53,084
Maryland	3,623,807	2,841,478	10,450,882	30,565	30,565	24,958,091	128,744
Mass.	6,691,050	5,200,718	17,988,432	—	—	241,359,520	77,314
Michigan	3,245,264	2,905,988	18,159,142	150,000	150,000	3,051,378	478,352
Minnesota	3,227,360	3,124,510	10,428,056	—	—	—	—
Mississippi	919,392	902,728	2,373,964	—	—	—	—
Missouri	10,451,013	9,397,840	52,305,712	—	—	—	—
Montana	547,784	547,784	1,406,774	—	—	—	—
Nebraska	1,136,393	1,028,637	3,207,058	—	—	—	—
Nevada	232,890	232,890	1,158,108	—	—	—	—
N. H.	25,334	25,334	40,080	66,287	66,287	30,167,893	386,680
N. J.	1,200,191	722,846	4,048,940	52,500	—	23,959,302	86,370
N. M.	18,124	18,124	733,458	—	—	—	—
New York	52,273,812	62,648,380	239,856,578	—	—	376,434,390	740,338
N. C.	544,302	544,302	1,125,526	—	—	—	—
N. Ohio	7,546,832	5,841,490	38,828,672	175,000	125,436	12,661,036	61,358
Oregon	963,421	714,312	2,568,932	—	—	—	—
Penn.	13,905,062	12,584,948	88,723,484	517,470	498,056	38,834,885	912,138
R. I.	2,687,720	2,679,380	5,113,782	—	—	40,915,759	2,846,198
S. C.	566,789	541,788	1,756,510	30,000	30,000	3,402	1,142
Tennessee	1,791,505	1,691,196	3,298,446	—	—	—	—
Texas	4,490,099	4,463,438	9,997,562	—	—	—	—
Utah	349,995	341,662	2,038,624	—	—	—	—
Vermont	450,000	272,308	2,475,092	—	—	8,391,159	17,140
Virginia	2,677,489	2,515,048	10,032,546	412,964	412,964	1,005,248	182,672
Wash'ton.	351,200	351,200	914,752	—	—	—	—
W. Virginia	1,116,950	1,005,036	4,903,704	—	—	—	—
Wisconsin	2,275,786	2,065,044	19,441,738	—	—	—	—
Wyoming	165,030	165,030	720,992	—	—	—	—
Total	222,227,280	183,795,901	739,319,416	3,802,123	2,699,185	959,658,376	16,782,846

## PARTIAL STATEMENT OF THE AVERAGE CAPITAL AND DEPOSITS OF BANKS AND BANKERS FOR THE TWELVE MONTHS ENDED MAY 31, 1882:

	Total average and taxable average of capital and deposits.			
	Average capital.	Average taxable capital.	Average deposits.	Average taxable deposits.
Alabama.....	\$ 1,162,487	\$ 1,162,026	\$ 3,587,118	\$ 3,587,118
Arizona.....	133,522	133,522	830,386	830,386
Arkansas.....	174,845	169,004	723,558	723,558
California.....	20,495,460	13,437,728	80,210,133	51,569,082
Colorado.....	1,083,524	1,083,524	4,891,216	4,891,216
Connecticut.....	2,869,752	2,790,612	87,223,646	8,300,778
Dakota.....	322,274	322,274	757,886	757,886
Delaware.....	551,532	551,532	2,542,116	999,800
Florida.....	123,455	123,455	803,926	803,926
Georgia.....	3,326,010	3,326,010	5,834,298	5,136,200
Idaho.....	12,036	12,036	59,420	59,420
Illinois.....	14,234,325	12,154,098	49,429,226	48,417,930
Indiana.....	4,455,775	3,735,878	18,172,625	16,461,042
Iowa.....	5,806,659	5,516,064	22,563,749	22,325,132
Kansas.....	2,266,540	2,200,334	7,779,546	7,779,546
Kentucky.....	11,487,010	10,966,092	17,173,284	17,173,284
Louisiana.....	2,434,851	2,120,089	5,543,195	5,503,452
Maine.....	69,942	64,066	26,012,315	766,410
Maryland.....	3,654,372	2,872,043	35,409,873	10,579,626
Massachusetts.....	6,691,050	5,200,718	259,347,952	18,065,746
Michigan.....	3,395,264	3,055,988	21,210,520	18,637,494
Minnesota.....	3,227,360	3,124,510	10,428,056	10,428,056
Mississippi.....	910,393	902,728	2,373,984	2,373,984
Missouri.....	10,451,013	9,397,840	52,305,712	52,305,712
Montana.....	547,784	547,784	1,406,774	1,406,774
Nebraska.....	1,136,393	1,008,632	3,207,078	3,207,058
Nevada.....	232,890	232,890	1,158,108	1,158,108
New Hampshire.....	91,621	91,621	30,207,973	426,760
New Jersey.....	1,252,601	722,846	28,008,242	4,135,310
New Mexico.....	18,124	18,124	733,458	733,458
New York.....	82,273,818	62,648,380	616,200,968	249,566,910
North Carolina.....	544,302	544,302	1,125,526	1,125,526
Ohio.....	7,721,832	5,926,926	51,489,708	38,890,030
Oregon.....	953,421	714,312	2,568,032	2,568,932
Pennsylvania.....	14,422,532	13,083,004	127,558,399	89,635,622
Rhode Island.....	2,687,730	2,079,380	40,029,541	7,959,080
South Carolina.....	596,789	571,788	1,759,912	1,757,652
Tennessee.....	1,791,505	1,691,196	3,208,446	3,298,446
Texas.....	4,490,999	4,463,438	9,997,562	9,997,562
Utah.....	349,995	341,662	2,038,624	2,038,624
Vermont.....	450,000	272,308	10,866,251	2,492,232
Virginia.....	3,090,453	2,928,012	11,037,794	10,215,218
Washington.....	351,200	351,200	914,752	914,752
West Virginia.....	1,116,950	1,005,036	4,903,704	4,903,704
Wisconsin.....	2,275,786	2,065,044	19,441,738	19,441,738
Wyoming.....	105,030	105,030	720,992	720,992
Totals.....	\$ 226,029,403	\$ 186,495,086	\$ 1,698,677,792	\$ 756,102,262

**NEGOTIABLE INSTRUMENT—WHAT IS NOT.**—If an obligation for the payment of money, otherwise in the form of a promissory note, contain a stipulation that in the event of failure to pay the same at maturity, the maker shall pay in addition to the debt and interest, an attorney's fee for collecting the same, it will lose its character as a promissory note; and in determining the time within which the defendant must answer in a suit on such an instrument, it will be treated as a mere contract. See Revised Statutes, 1879, § 3514; *First National Bank of Trenton v. Gay*, 63 Mo. 33; *Samstag v. Conley*, 64 id. 476; *First National Bank of Carthage v. Marlow*, 71 id. 618; *Smith v. Rest*, 42 id. 185; *Pomeroy v. Beits*, 31 id. 419; *Cov. Mut. Life Ins. Co. v. Clover*, 36 id. 392; *First National Bank of Carthage v. Jacobs*. Opinion by Ray, J. (73 Mo. 99.)

## PAYMENT OF NOTE TO WRONG PARTY.

KENTUCKY COURT OF APPEALS.

*Barnett v. Ringgold.*

A party paying a note takes the risk of making payment to the person entitled to receive it. So, payment to a stranger of a note indorsed "Pay to Mad. Nat'l Bank for collection," is made at the payor's risk. The special indorsement was notice to him that none but the bank or its agents were authorized to present the note and receive money thereon.—[ED. CHICAGO LEGAL NEWS.

HARGIS, J.—The appellees held a note on the appellant for the sum of \$243.13, dated March 30, 1880, and due sixty days after date. This was an action on that note by the appellees who allege in substance that the appellant executed the note and has never paid it, but has possession of it, which he obtained through the mistake of one of the employees of appellees, who indorsed it to the Madison National Bank of Richmond, Kentucky, for collection, and through inadvertence addressed the letter, in which he had inclosed it, to the appellant, instead of to the bank. The appellant pleaded payment of the note in the ordinary course of business, and denies that the note was sent to him by mistake.

The evidence of the appellees and their employees, and of the bank and its officers and employees, establishes the fact that none of them collected or received payment of the note, and raises a strong presumption that the note was sent to the appellant through mistake, and that he thus obtained possession of it without payment. But however this may be, the law relative to the payment of such paper so indorsed, conclusively settles the rights of the parties. The appellant claims that he paid the note to a stranger or a person known to him at the time, but whose name he has since forgotten. The note was made payable to the order of the appellee at the Madison National Bank, Richmond, Kentucky. When it came to the hands of the appellant, it bore this indorsement to wit:

"Pay to Mad. Nat'l Bk. of Richmond, Ky., for collection.

"F. G. RINGGOLD & Co."

This was especial authority to the bank, authorizing it to make the collection of the note, and, according to authority, the bank or its agents authorized to act for it, were the proper parties to whom the payment should have been made, and by whom the note could have been legally presented for payment, subject to the right of interference of the appellees, by revocation or otherwise. Had the supposed holder, to whom appellant contends he paid the note, produced it indorsed in blank, or had the note been payable to bearer, either would have been sufficient evidence of his right to present it and receive the payment. But the payment by the appellant to an unknown holder or stranger who had no right to collect it, either as agent in fact or *bona fide* owner, in the face of the special indorsement to the bank for collection by the appellees, was made at his own risk, as the possession with such an indorsement was notice to him that none but the bank or its agents, or the appellees and their agents, were authorized to present the note or receive the money thereon.

The appellees adopted the natural and proper method of inform-

ing the appellant of the fact that they had constituted the bank their agent for collection. And had he taken the precaution which ordinary prudence dictates, and read the indorsement plainly written upon the back of the note, he could have ascertained whether the person presenting it was the proper person to whom payment should have been made. And having paid the note to a fraudulent holder, if indeed he paid it to any one, the appellant must suffer the loss, because he took the risk.

Wherefore the judgment is affirmed.

---

### LEGAL MISCELLANY.

AGENCY—AGENT MAKING LOAN MUST TAKE FIRST-RATE SECURITY OR IS LIABLE—SECOND MORTGAGE NOT GOOD SECURITY—RATIFICATION.—Where an agent is intrusted with making a loan the duty devolves upon him of seeing that the money is securely and safely invested. The responsibility of an agent or attorney under such circumstances is beyond dispute, and the rule is well settled that the agent is not only bound to act in good faith but to exercise reasonable diligence, and such care and skill as is ordinarily possessed by persons of common capacity engaged in the same business. *Story Agency*, § 183; *Heineman v. Heard*, 50 N. Y. 35. When the relations of contracting parties are such that they do not deal on terms of equality a very strict rule prevails, and an agent or trustee who occupies such a position has no right to avail himself of his superior knowledge of the matter derived from the fiduciary relation or influence, or weakness, dependence or trust, to take an unfair advantage. *Cowee v. Cornell*, 75 N. Y. 99. M was the agent or trustee of plaintiff in making a loan. He invested the money in a mortgage upon property upon which there were two prior mortgages of \$10,000 each. The value of the property at the highest estimate was but \$4,000 over the amount of the prior mortgages and plaintiff's loan. The loan upon the prior mortgages was made at an unusually large discount for good security; the mortgagors were or became afterward insolvent, and the property was sold at for less than the amount of the prior mortgage, and the investment was lost to plaintiff. Plaintiff was a woman unfamiliar with those matters, and the evidence was conflicting whether or not she knew of the prior incumbrances. In an action against the executors of H for the amount of the investment, *Held*, that there was sufficient to sustain a finding that the investment was not a first-class, nor a good and proper, one, and that defendant was liable for the amount invested. The right of an agent to advance funds on second mortgages or security not of the first-class may well be questioned. *McQueen's Appeal Cases*, 236. And as a general rule it may properly be laid down that it is not prudent or safe to advance moneys on second mortgages where there are large prior incumbrances, and especially when the personal security of the mortgagor is in any way precarious. Such an investment is not a first-class one. *Held*, also, that the acceptance by the plaintiff of some part of the money due her, without knowledge of the circumstances, was not sufficient to preclude her from asserting her claim. See *Fish v. Miller*, 1 Hoff. Ch. 290. Nor was the receipt by her of \$300, for a purpose not entirely apparent, a ratification or waiver of her right of action. Order reversed and judgment of Special Term affirmed. *Whitney v. Martine*, N. Y. Court of Appeals.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. RECOVERY ON FORGED INDORSEMENT.

A draws a check on his bank, making it payable to the order of B. The check is cashed at another bank, which indorses it, and forwards it to the bank on which it is drawn for payment. The drawee bank pays and cancels it, but subsequently discovers that the indorsement of B is forged.

Can the latter bank demand the amount of the one which cashed the check in the beginning?

REPLY.—A similar question was answered in the July number. The case usually cited as containing a decisive answer is that of the *Canal Bank v. Bank of Albany*, 1 Hill 287. The defendants, indorsees of a draft payable to B's order, received the same through several successive indorsements (B's name appearing as the first) and, as the agents of their immediate indorser, but without disclosing their agency, presented it to the plaintiffs, by whom it was paid. The latter subsequently ascertained that the name of B was a forgery; and having notified the defendants of this fact, sued to recover back their payment. It was held that though the defendants were innocent of any intended wrong, they had obtained money of the plaintiffs on an instrument to which they had no title, and were therefore bound to refund, notwithstanding the fact that the notice of the forgery was not given for more than two months after they had received the money and transmitted it to the principal.

At the time of rendering this decision the case of *Talbot v. Bank of Rochester*, 1 Hill 295, was decided, involving nearly the same principles. T, the owner of a certificate of deposit in the Bank of L, payable to order, caused it to be indorsed with directions that it should be paid to W & Co., and then transmitted it to them by mail, though without their knowledge or request. It never reached W & Co., but was stolen on its way, and their names forged on it; after which, in the ordinary course of business, it came into the hands of the defendant, who collected the money thereon, supposing themselves to be the owners. It was held that T had an election, either to sue the defendants in trover as for a conversion of the certificate, or to recover the amount in an action for money had and received.

These cases have been repeatedly cited and sustained, in subsequent adjudications, by the courts of New York and by those of other States. Morse on *Banks and Banking*, p. 354, second ed.

In *Holt v. Ross*, 54 N. Y. 472, a draft drawn on the plaintiffs was fraudulently taken from the post office, the indorsement of the payee forged thereon, and the same was intrusted to the defendant's company for collection, and was paid by the plaintiffs on presentation. It was not disclosed to them at the time that the express company was acting as agent. In an action to recover back the money paid, the company was held liable.

In discussing this question Morse observes "that since title to the paper made or indorsed as payable to the order of any person can only be passed by the signature of that person, therefore if the genuine signature be lacking the title has not passed. The bank has paid under a mistake of fact to a person whom it believes to have the title, but who has it not. There is practical sense at least in the rule; for if a bank having a check presented for payment, which has been transferred by a long series of indorsements, is to be obliged to examine into the genuineness of every one of them, it is a very grave burden. Of course it must be liable to the drawer if it pay on a forgery. But it may well be allowed to place confidence in the presentee, and to consider that he, in presenting it, warrants the accuracy of his title to it, acquired through the indorsements. Then if the bank know him to be responsible, it may at once pay him the amount, fairly expecting that, if there prove to be any irregularity, so that it is obliged to reimburse the amount to the drawer, it can save itself from the loss by recourse to the person at whose request and to whom it made the erroneous payment."—*Banks and Banking*, p. 354.

---

## II. POWER OF NATIONAL BANKS TO HOLD REAL ESTATE.

Can a National bank take mortgages secured by real estate when assigned to it from other parties?

For instance, John Jones is Cashier of a bank, he loans its funds on note and mortgage, and afterwards transfers both to the bank. He does the same thing repeatedly, in fact, as often as an opportunity occurs.

Do not the officers of the bank violate the provisions of the National Bank Act?

If so, can a National Bank Examiner pass said bank as having complied with the law?

REPLY.—Section 5137 of the Revised Statutes of the United States, states under what conditions a National bank can hold real estate. This provision of the banking law has been frequently construed and the decisions have all been collected by Ball in his work on National Banks, pp. 148-151.

Unquestionably a National bank has no right to take mortgages under the conditions above stated. To do so is plainly to violate the law. See *Matthews v. Skinner*, 62 Mo. 329; *Fowler v. Scully*, 72 Penn. 456; *Fridley v. Bowen*, 87 Ill. 151; *Crocker v. Whitney*, 71 N. Y. 161. In this latter case the various parts of the section of the banking law under consideration were fully considered.

If a bank does not comply with this provision of the law, section 5239 provides that action shall be taken by the Comptroller of the Currency for the forfeiture of its charter. See *National Bank v. Matthews*, 98 U. S. Sup. Ct., p. 629.

---

## III. DISCHARGE OF DRAWER.

Jones, the payee of a draft, presented and surrendered it to the drawee and received immediately the latter's check for the amount. The next day the check was presented to the bank on which it was drawn and payment was refused.

Can the payee look to the drawer of the draft, or is he discharged from liability by the action of the payee in not presenting the drawer's check immediately for payment?

REPLY.—In the case of *Fernald v. Bush*, 131 Mass. 591, a draft was drawn by the plaintiff on B & A, which was received by Bush after business hours on December 13, of a certain year. It was seasonably presented to the drawers the next day, who gave their check for the amount. The check was presented for payment on the 15th of December, but the makers of it having failed the bank declined to pay it. The court say that neither the payees of the draft nor their agent, the Bank of the Commonwealth, could by accepting from the drawees their check in lieu of money prolong the plaintiff's liability as drawer; and by holding that check, without presenting it for payment until December 15, they discharged him from such liability. *Whitney v. Esson*, 99 Mass. 308; *Smith v. Miller*, 43 N. Y. 171.

## BOOK NOTICES.

*Reports of Cases argued and determined in the Supreme Court of the State of Kansas.* A. M. F. RANDOLPH, Reporter. Vol. xxvi. Topeka, Kansas: 1882.

The decisions contained in this volume are carefully reported and reflect no little credit on the reporter. His introduction of catch-words to each head-note is a real improvement. The index is very full, occupying seventy pages, and contains not only every head-note, but in another place its outline, thus insuring greater certainty in putting the contents of the volume before the reader. While it is desirable to index law reports in the best possible manner, it may be questioned whether an outline of the head-notes would not be sufficient without repeating the head-notes themselves. Perhaps the method of indexing employed in legal treatises might be advantageously adopted. Reports are multiplying so rapidly that economy in their preparation should be carefully studied; and we believe that an index prepared in either of the ways suggested would be preferable to the indices which are now made.

*Our Merchant Marine: how it Rose, Increased, Became Great, Declined and Decayed, with an Inquiry into the Conditions Essential to its Resuscitation and Future Prosperity.* By DAVID A. WELLS. New York: G. P. Putnam & Sons. 1882.

This volume of two hundred pages deals with a very important subject. Most of the facts here given the author had previously laid before the public through the medium of the newspaper, but the matter is of such vital importance that Mr. Wells has performed a good service in reproducing his thoughts in the present form. The following table showing the declining ratio of American shipping employed in our commerce tells a story that ought to be well considered by all who read it:

PERCENTAGE EXPORTS AND IMPORTS CARRIED IN VESSELS OF THE UNITED STATES FROM 1855 to 1882.

Years.	Pr. ct.	Years.	Pr. ct.	Years.	Pr. ct.	Years.	Pr. ct.
1856....	75.2	1863....	41.4	1872....	28.5	1879....	22.6
1857....	70.5	1865....	27.7	1874....	26.7	1880....	17.6
1859....	66.9	1867....	38.2	1878....	25.9	1881....	16.2
1861....	65.2	1870....	35.6				

The chief cause of the decay, Mr. Wells affirms, was the substitution of iron in place of wood as a material for ship construction. "For nations or individuals," he declares, "to have attempted to permanently counteract the influence of these substitutions by legislation, or any specific commercial policy was as useless, as our own experience proves, as to seek to arrest the stars in their courses."

To restore our commerce the author urges the repeal of navigation laws, at least to the extent of permitting our navigators and merchants to supply themselves with ships on conditions as favorable as are enjoyed by their competitors, who are the merchants and sailors of all other maritime nations; such modifications of the tariff as will enable us to build ships as cheaply as other nations; abrogation of local taxes on maritime property; abrogation of compulsory pilotage; repeal of the tonnage tax; the reduction of all expenses connected with the hiring or discharge of seamen, Consular charges and the like, to the level or below those imposed by other nations and others.

The work is sure to receive much attention, coming as it does from so eminent a source. Whatever may be the causes of the decay of our commerce, an intelligent effort ought to be made to revive it. Thus far Congress has done almost nothing, but there is no reason for neglecting the subject any longer.

---

*Annual Report, Examination Papers, &c., of the Institute of Bankers in Scotland, Edinburgh: 1882.*

---

*Annual Report of the State Insurance Commissioner, together with an Abstract of Returns of Insurance Companies doing business in the State of Rhode Island, made to the General Assembly, 1882. Providence: 1882.*

---

*Annuaire des Finances Françaises pour l'Année 1882-1883, d'après des Documents Officiels Publics sous la Direction Générale. M. EDMOND THERY. 1882.*

---

*Industries of Indianapolis. Trade, Commerce, and Manufactures, Historical and Descriptive Review. J. E. LOUD, Editor and Publisher. Indianapolis.*

---

*Annual Report of the Trade and Commerce of Indianapolis, for the year ending December 31, 1881. Compiled for the Board of Trade by HENRY C. WILSON, Secretary.*

---

CHECK—WHEN BANK GETS TITLE.—Where a check, due at the time, is indorsed in blank and deposited by the payee upon general account in a bank with which such payee keeps an account, and is with the payee's knowledge, and without dissent on his part, credited in his bank book as so much cash, the title to such check rests in the bank, whose only recourse against the depositor lies in his obligation as indorser.

In case of the failure of the bank so receiving the check, while still indebted to the depositor for the amount credited to him on the deposit thereof, the depositor has no right to stop payment of the check in the hands of an indorsee of the bank. *Metropolitan National Bank of N. Y. v. Loyd*, 25 Hun. 101. June Term, 1881.



## BANKING AND FINANCIAL ITEMS.

## PUBLISHER'S NOTICE.

On the cover of our present issue appears the name of ALBERT S. BOLLES, who for several months past, the publisher with pleasure states, has been acting as Editor of this Magazine, under an arrangement which is now permanent. The name of this gentleman is not unknown to our readers. Besides holding a lectureship in Political Economy in the Boston University, he is the author of several works, among which are: *Industrial History of the United States*, *The Conflict between Labor and Capital*, and a *Financial History of the United States*, the second volume of which is now in the press. Having had a successful legal experience, and written considerably upon legal topics, Judge Bolles is peculiarly fitted by thus uniting financial with legal knowledge, to assume the Editorship of this Magazine.

**LEGALITY OF DEALINGS IN FUTURES.**—A case involving this question has been recently decided by a court in Louisiana. It related to a promissory note which served as a basis for some business in cotton futures. The Court declared that as to the legitimacy of contracts for future delivery, the question was: whether it was the intention of the contracting parties to deliver the cotton or other merchandise, or merely to settle difference of prices when the time specified had expired. Under the first hypothesis the contract would be legal and binding; in the second case it would be illegal and void as "a mere gambling transaction." The proof of such intention would have, of course, to follow the usual rules of evidence. The wording of the contract, it was held, was not of any considerable moment; the all-important point being the intention of the contracting parties, which need not be formerly expressed, but only mutually understood. These are the points which affect the contract from a legal point of view. It is possible, however, for a contract for futures to be made with the intention of actual delivery of merchandise; but before the time for that delivery has arrived, if circumstances have arisen to make a settlement of payment of differences of prices agreeable to both parties, it would be perfectly lawful for them to do so. Touching a case where a dealer in contracts sells one who really wishes to take actual cotton, instead of having a settlement as contemplated by the other party, it is held that such a contract would possibly not be void, but that its legality would have to be determined by the facts applicable to it. The law is, that where the original and mutual intention of the parties is not to deliver and pay the price, but merely to settle for differences, the conventions are aleatory and void; the question is one of fact, and dependent upon or concluded by the form or wording of the contract itself.

**PUNCHED COINS COUNTERFEIT.**—An opinion of timely interest was recently rendered by Judge Lowell, of the United States Circuit Court in Massachusetts, with reference to silver quarters and half dollars with pieces cut out and the holes filled with other metal. Judge Lowell holds that such coins are in effect counterfeit, and that whoever so mutilates them or knowingly passes them is guilty of counterfeiting. The reasoning by which he reaches this conclusion is that coins of these denominations are required to be of a certain weight and fineness and are not a legal tender if they fall below the fixed standard. "If such a coin," he says, "has had an appreciable amount of silver removed from it, we cannot say that it remains a good coin for its original value or even for proportionate value. If, then, the hole is plugged with base metal or with any substance other than silver this act is an act of counterfeiting, because it is making something appear to be a good coin for its apparent value which was not so before."

**ILLEGALITY OF DECLARING UNEARNED DIVIDENDS.**—The case of the Exchange Banking Company, just decided on appeal by the English Supreme Court of Judicature, is of importance and interest in this country. During several years the company was apparently prosperous, dividends being declared with satisfactory promptness and liberality. In point of fact the company was insolvent and its business unprofitable, but for a long time before its winding up the Directors had been accustomed to falsify the balance sheets. They had entered as good assets known to be bad. Thus an apparent profit was shown, and the shareholders had been induced to declare dividends. The liquidator sued the former Directors for the payment to him, on behalf of the creditors, of the amount of the fictitious dividends. He claimed that the payment of dividends under such circumstances was a return of capital to the shareholders, a misapplication of the company's money, and a breach of trust for which they were liable. The Vice-Chancellor held that they were jointly liable, and on appeal the Master of the Rolls held that they were also liable severally. The suit was brought under a section of the Companies Act, but in considering the application of the case here it is necessary to know that that created no new liabilities, but merely provided a summary method of procedure. In the opinion of the Master the suit was well based on an equity quite independent of that section. So long as the company existed and transacted business, the capital named in the articles of association could not be returned to the shareholders without legal process. Even if the shareholders knew the facts, their sanction of such return would be invalid because beyond their powers. Further, creditors had a right to compel the corporation to keep its capital, and they had a remedy against the Directors who had misapplied its funds by paying its resources away as dividends.

**NEW PLAN FOR INVESTING SMALL SAVINGS.**—Out West they don't have so many Savings banks as they do here, but they do have savings, and what to do with them has often been perplexing. The Chicago, Burlington & Quincy road, noticing the growing accumulations, especially among their employees, has done a very commendable thing by issuing four-per-cent. \$100 bonds, in order to supply the demand for small investments. In doing this the road does not increase its bonded indebtedness; it simply buys up bonds and issues ten \$100 bonds in place of one \$1,000 bond. During the few weeks that this plan has been in operation between \$75,000 and \$100,000 of these bonds have been taken, mostly by employees of the road. Three hundred bonds were signed by President Perkins last Wednesday. Half a million of these bonds have been called for right along the line of the road.

**NEW YORK SAVINGS BANKS.**—It is claimed that so much money has accumulated in the Savings banks of New York that the officers are unable to reinvest it satisfactorily. The President of the Seamen's Bank says that the recent investments of the funds of that institution yield scarcely more than three per cent, yet the customers of the bank have been receiving four per cent. on their deposits. The bank is enabled to pay this rate of interest only by reason of its having several millions of dollars of securities, bought in former years, which pay from four to seven per cent. interest. According to the official statements made by the various Savings banks to the Superintendent of the Bank Department, the deposits in the Savings banks of this city have increased a little more than \$8,000,000 during the last six months. The cause assigned by Savings bank managers for this remarkable increase is that men of moderate means cannot find any safe way of investing their money so that it will pay them as high a rate of interest as four per cent. People who desire to invest their money permanently do not feel that they can afford to pay the large premium on Government bonds, and the instability of the stock market prevents them from putting their savings into railroad or other stocks although tempting inducements are often held out for them to do so. To those whose money is acquired through hard toil, perfect security is preferable in an investment to the prospects of fat dividends, therefore they rush to Savings banks. During the past year or two such a steady stream of currency has been poured into these institutions that the latter feel themselves obliged to act on the defensive and "repel invaders." None of the New-

York Savings banks will accept more than \$1,000 as a single deposit, and at the old Bowery Savings Bank no individual is allowed to deposit a greater amount than \$250 in any six months. In spite of these rules, however, the surpluses in most of the Savings banks have increased so rapidly that they have become unwieldy and unprofitable, and the managers of the various institutions feel that a reduction of the rate of interest on deposits will soon be absolutely necessary. One large Savings bank, the Greenwich, has already announced that hereafter but  $3\frac{1}{2}$  per cent. will be paid on deposits, and others are likely to follow suit within a year. Some of the managers of Savings banks even express the opinion that not more than  $2\frac{1}{2}$  per cent. interest will be paid five years from now.

**COINAGE FOR LAST FISCAL YEAR.**—The following is a summary of the amount of gold and silver coin, as exhibited by the report of Superintendent Snowdon, coined at the Philadelphia Mint alone for the year ending with June: In gold pieces, \$59,678,437.50; silver, \$11,062,388.75; minor coinage, \$643,757.75; making a total of \$71,385,584, which is the largest coinage in a fiscal year in the history of the Government. The weight of this coinage and the number of pieces was as follows: Gold, 110 tons; pieces, 8,270,450; Silver, 326 tons; pieces, 1,100,300; minor coins, 170 tons; pieces, 46,865,725. The total weight of the gold, silver and minor coinage alloy was 606 tons and 66,236,475 pieces. The whole amount of bullion operated upon in the different operative departments was as follows: In the melter and refiner's, 8,085,002.94 ounces of gold, worth \$150,419,031.57; of silver, 20,592,228.03 ounces, worth \$23,961,865.34; or a total of \$174,380,896.91. In the coiners' department, 7,527,054.58 ounces in gold, worth \$140,038,235.91; of silver, 19,578,331.33 ounces, worth \$22,785,046.63; or a total of \$159,616,546.24. The grand total value of the pieces coined in the two departments was \$291,102,014.23. The legal allowance for wastage in operating the bullion was: upon gold, 11,848.55 ounces, worth \$220,438.14; of silver, 50,466.65 ounces, worth \$58,734.83, or a total legal allowance in gold and silver of \$279,182.97. The actual loss, as ascertained by the settlement was: upon gold \$19,533.03, or one-twelfth of the legal allowance, and upon silver, \$3,729.77, or one-sixteenth.

**CHARLES H. MALLORY**, the well-known shipbuilder, died suddenly at his residence in Mystic, Conn., on the 25th of August. He was born in the village of Waterford, Conn., February 24, 1796. He received a common school education, and at an early age was apprenticed to a sailmaker of New London. In 1816 he removed to Mystic, and a few years later engaged in the shipbuilding business. His remarkable energy and industry overcame his lack of early advantages, and the revival of commerce, after the war of 1812, gave him the opportunity which he used in building up an extensive and profitable business. He built over fifty steamers and many sailing vessels. During the late war he was a heavy contractor for the Government and built a number of gunboats, among them the Salem and the Stars and Stripes. Mr. Mallory was engaged in many local enterprises, and was identified with the growth and prosperity of Mystic. Of late years he had given up all active business, but retained an interest in the New York and Galveston and New York and Fernandina Steamship Lines, and also the presidency of the First National Bank of Mystic Bridge, Conn., of which he had been president since its organization in 1865.

**COMPARISON OF PUBLIC EXPENDITURES.**—The appropriations made by the present Congress for the coming year amount to \$294,513,639. The expenditures of the prominent nations of Europe in fiscal years of which statistics are available were as follows: England, \$415,509,620; Russia, \$469,121,794; Austria, \$447,238,322; France, \$547,241,755; Germany, \$344,299,725; Italy, \$203,340,500. The large standing armies and navies, the enormous burdens of royalty, the expenses of wars and other extraordinary outgoes that these countries have are unknown here, and yet our expenditures are so rapidly increasing that they already compete with them without the tithe of the reason that exists in their cases.—*Boston Post.*

REPORTS OF TRUST COMPANIES.—The report of the trust companies of New York City to the Bank Department at Albany for July shows the following results :

	<i>Capital and Surplus.</i>	<i>Due Depositors.</i>
United States.....	\$6,358,000	\$37,507,000
Farmers' Trust.....	2,433,000	13,717,000
Central.....	1,878,000	10,679,000
Union.....	2,002,000	15,488,000
Life and Trust.....	1,846,000	14,890,000
Equitable.....	1,639,000	4,686,000
United States Mortgage.....	1,000,000	4,448,000
Metropolitan.....	1,021,000	1,923,000
Mercantile.....	2,358,000	5,604,000
Real Estate.....	623,000	186,000
Totals.....	\$21,248,000	\$109,220,000

Total capital and deposits.....\$130,468,000

The following are the investments, divided—first, stocks, real estate and mortgages; and, second, loans and cash items :

	<i>First class.</i>	<i>Second class.</i>
United States.....	\$5,952,000	\$37,913,000
Farmers.....	3,128,000	13,022,000
Central.....	2,012,000	10,545,000
Union.....	1,935,000	15,645,000
Life and Trust.....	4,885,000	11,845,000
Equitable.....	6,063,000	242,000
United States Mortgage.....	3,915,000	1,583,000
Metropolitan.....	1,008,000	1,936,000
Mercantile.....	2,858,000	5,194,000
Real Estate.....	797,000	20,000
Totals.....	\$32,553,000	\$97,915,000

Total invested.....\$130,468,000

CREDIT OF CONNECTICUT.—On the 26th of July, bids were opened for a loan to the State of Connecticut for \$500,000 on twenty years at three and one-half per cent. interest, and non-taxable within the State. The bids aggregated \$2,577,000, and the awards were made to bidders of 104 to 107.5. The average of the successful bids was 105.4, at which the income on the investment is 3.32 per cent. per annum.

The biddings prove, what hardly needed any proof, that the credit of Connecticut is exceedingly high. It could not well be otherwise, in respect to a State which is one of the richest in the Union, relatively to population; which has always faithfully met all its obligations; and which has no appreciable existing debt. The purchasers of the \$500,000 of its bonds have made a prudent and thrifty bargain. It is not so clear, however, that the State has been equally thrifty in the issue of such bonds, irredeemable for twenty years, and the curiosity of the public is a little excited to find an explanation for it.

The State is running over with money. One of its Senators, Mr. Eaton, said in the silver debate four years and a half ago, that Hartford alone had \$50,000,000 out in Western mortgages. There are numerous other cities and towns in Connecticut, which have regular agencies all through the West for the investment of their spare cash. What occasion has arisen for Connecticut to go into the market to borrow money on twenty years? Why should such a State bind itself to pay \$350,000 of interest money on a debt of \$500,000, and after all have the whole principal to pay without any diminution? Why should such a State borrow \$500,000, and sign obligations for \$850,000, merely to gain time, and with the risk, that there may be a considerable rise in the value of money at the end of twenty years from this date?

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 156.)

<i>Bank and Place.</i>		<i>Elected.</i>	<i>In place of</i>
ALA....	National Bank of Birmingham.	William Berney, <i>Pr.</i> .....	C. Linn.*
		William L. Scott, <i>V. P.</i> ...	J. C. Henley.
		John C. Henley, <i>Cas.</i> ....	W. Berney.
CONN...	National Bank of Norwalk....	E. Hill, <i>Pr.</i> .....	S. Curtis.
DAK....	First National Bank, Deadwood	D. A. McPherson, <i>Cas.</i> ...	E. F. Kellogg.
ILL....	First National Bank, Chicago	L. J. Gage, <i>V. P.</i> .....	.....
		H. R. Symonds, <i>Cas.</i> ....	L. J. Gage.
		H. M. Kingman, <i>A. C.</i> ...	H. R. Symonds.
IND....	Nat'l Branch Bank, Madison...	W. H. Powell, <i>Pr.</i> .....	N. Powell.*
IOWA...	Franklin County Bank, Hampton.	G. C. Hayes, <i>V. P.</i> .....	.....
		Fred. Ward, <i>Cas.</i> .....	.....
		Robert Wright, <i>V. P.</i> ....	W. Wilde.
" ..	Bank of Iowa Falls.....	J. D. Walker, <i>Pr.</i> .....	F. Bacon.
		F. Bacon, <i>Cas.</i> .....	A. N. Camp.
" ..	Farmers & Citizens' Bank, Wilton.	J. D. Walker, <i>Pr.</i> .....	F. Bacon.
		F. Bacon, <i>Cas.</i> .....	A. N. Camp.
KY.....	Lexington City National Bank.	James M. Graves, <i>Pr.</i> ....	W. Harting.
MD....	Commercial & Farmers' National Bank, Baltimore	Joseph H. Reiman, <i>Pr.</i> ...	J. Slingluff.*
		G. A. Von Lingen, <i>V. P.</i> ...	J. H. Reiman.
MASS...	National Hide & Leather B'k, Boston.	A. P. Weeks, <i>Cas.</i> .....	Not R. P. Weeks.
		Henry A. Rice, <i>Pr.</i> .....	A. O. Bigelow.
		J. D. Edgell, <i>Pr.</i> .....	C. Heywood.*
" ..	First National Bank, Gardner	Volney D. Howe, <i>Cas.</i> ...	J. D. Edgell.
" ..	First National Bank, Marlboro.	Samuel Boyd, <i>V. P.</i> .....	W. Gibbon.
" ..	Mechanics' National Bank, New Bedford.	James W. Hervey, <i>Cas.</i> ...	E. W. Hervey.
		L. T. Terry, <i>A. C.</i> .....	J. W. Hervey.
" ..	Palmer Savings Bank.....	L. E. Morse, <i>Tr.</i> .....	W. C. Dewey.
MICH...	Ludington State Bank.....	George N. Stray, <i>Cas.</i> ...	C. Blain.
		T. K. Dewey, <i>Pr.</i> .....	A. Gould.
MINN...	Bank of Minneapolis.....	M. J. Boffarding, <i>Cas.</i> ....	E. Byers.*
		A. J. Dean, <i>Cas.</i> .....	J. Dean.
		F. A. Chamberlain, <i>A. C.</i> ...	A. J. Dean.
" ..	Security Bank, Minneapolis..	R. G. Mason, <i>Cas.</i> .....	I. H. Bradford.
" ..	Bank of Verndale.....	R. G. Mason, <i>Cas.</i> .....	I. H. Bradford.
MO....	First Nat'l B'k, Jefferson City	H. C. Lambert, <i>Pr.</i> .....	W. Q. Dallmeyer.
		Adam Huston, <i>Pr.</i> .....	W. Heins.
NEB....	Fullerton State Bank.....	Ashel Edington, <i>Pr.</i> ....	E. A. Benson.
		B. D. Brown, <i>Pr.</i> .....	J. W. Pollock.
" ..	Elkhorn Valley Bank, West Point.	B. D. Brown, <i>Pr.</i> .....	J. W. Pollock.
		B. D. Brown, <i>Pr.</i> .....	J. W. Pollock.
N. H...	First National Bank, Portsmouth.	E. P. Kimball, <i>Pr.</i> .....	I. Goodwin.
		R. C. Peirce, <i>Acting Cas.</i> ...	E. P. Kimball, <i>Cas.</i>
N. Y. ..	Bank of Buffalo.....	M. F. Warren, <i>A. C.</i> .....	.....
		G. S. Shattuck, <i>Cas.</i> ....	G. S. Sheppard.
		George S. Gifford, <i>Cas.</i> ...	F. B. Farnham.
" ..	Chautaugua Co. Nat'l B'k, Jamestown.	George S. Gifford, <i>Cas.</i> ...	F. B. Farnham.
" ..	First National B'k, Sing Sing.	Henry C. Nelson, <i>Pr.</i> ....	W. W. Benjamin.*
OHIO...	First National Bank, Athens...	D. H. Moore, <i>A. C.</i> .....	T. H. Sheldon, <i>Cas.</i>
		Valentine Winters, <i>Pr.</i> ...	J. H. Winters.
" ..	First Nat'l B'k, Georgetown...	Joseph Cochran, <i>Pr.</i> ....	.....
PENN...	First National Bank, Corry.	Sardius Stewart, <i>V. P.</i> ...	.....
		F. E. Mulkie, <i>Cas.</i> .....	A. W. Hecker.
TENN...	National Bank of Franklin..	D. B. Cliffe, <i>Pr.</i> .....	J. B. McEwen.
		S. F. Glass, <i>V. P.</i> .....	.....
VA.....	First National Bank, Roanoke.	H. S. Trout, <i>Pr.</i> .....	D. E. Spence.
		J. W. Shields, <i>A. C.</i> .....	P. J. Otey, <i>Cas.</i>
W.VA..	First National Bank, Fairmont.	Harry Fleming, <i>Pr.</i> ....	Z. Musgrave.

\* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ONT....	Bank of Halifax, Hamilton....	Edward Colquhoun, <i>Cas.</i>	H. C. Hammond.
" .. "	" Listowel....	H. H. O'Reilly, <i>Agent</i> ..	J. O. Mowat.
" .. "	" Port Elgin....	W. Corbould,	" .. H. S. Steven.
" .. "	" Wingham....	B. Willson,	" .. W. Corbould.
N. B....	B'k of Nova Scotia, Chatham..	D. G. Chesnut,	" .. F. R. Morrison.
N. S....	" Annapolis.	James Yeoman,	" .. T. C. Whitman.
" .. "	" Liverpool..	H. A. Flemming,	" .. W. Haliburton.
" .. "	" Woodstock.	William Haliburton,	" .. J. B. Forgan.
" .. "	" Yarmouth..	J. H. Lombard,	" .. G. W. Daniel.
" .. "	Halifax Bkg. Co., Halifax...	Robie Uniacke, <i>Pr.</i> .....	W. M. Harrington*
		L. J. Morton, <i>V. P.</i> ....	R. Uniacke.

\* Deceased.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from August No., page 154.)*

NEW YORK CITY.....	Lawrence Brothers & Co.; Darius W. Lawrence retires.
CAL....	Santa Ana..... Santa Ana Valley Bank, (B. F. Seibert); closed and assigned.
COL....	Bonanza..... A. McDermith & Co.; succeeded by A. G. Adams.
" .. "	Fort Collins.... Stover & Sheldon; now Stover, Sheldon & Co.
" .. "	Saguache..... Saguache County Bank; now incorporated. Same management.
" .. "	Silverton..... Bank of Silverton; discontinued. Business transferred to San Juan County Bank, which is now owned by M. D. Thatcher, ( <i>Pr.</i> ) John H. Maugham, ( <i>V. P. and Manager</i> ), and John H. Werkheiser, ( <i>Cas.</i> )
IDAHO..	Silver City..... A. L. Simondi; succeeded by R. Euler.
ILL....	Princeton..... Illinois Trust Co.; out of banking business.
IND....	Monticello..... Citizens' Bank; now owned by E. H. Shirk ( <i>Pr.</i> ) and Wm. E. McLean, ( <i>Cas.</i> )
IOWA..	Ackley..... Lusch, Carton & Co.; report of change erroneous.
" .. "	Atlantic..... J. McDaniels; succeeded by the Atlantic National Bank, \$50,000. Same management.
" .. "	Cherokee..... Charles Goldsburly; out of banking business.
" .. "	Liberty..... First National Bank; went into liquidation July 22.
" .. "	Nevada..... Otis Briggs; now Briggs & King. Farmers' Bank.
" .. "	Peterson..... Hughes Brothers; sold out.
" .. "	Villisca..... W. S. Alger & Co.; now First National Bank. \$50,000. Same management.
" .. "	Walker..... J. S. Sniffen & Co.; closed.
KANSAS.	Cottonwood } Chase County Bank; now Chase County National Bank.
" .. "	Falls. } A. S. Howard, <i>Pr.</i> W. H. Holsinger, <i>Cas.</i> \$50,000.
" .. "	Hillsboro..... Bank of Hillsboro; sold to German Bank.
" .. "	Peabody..... Peabody Bank, (Morse & Weidlein); succeeded by Shupe & Tressler.
MASS...	Boston..... Boston Safe Deposit and Trust Co.; paid capital now \$600,000.
LA.....	New Orleans.. W. B. Merchant; now Merchant's Bank. Incorporated. W. B. Merchant, <i>Pr.</i> J. Vuillemot, <i>V. P.</i>
MICH...	Detroit..... David Preston & Co.; John L. Harper withdraws. David Preston continues. Same old style.
" .. "	Petoskey..... Wachtel & Quinlan; will dissolve October 1.
MO.....	Glenwood..... Depositors' Bank; succeeded by William Logan.
" .. "	Kansas City... Bank of Missouri; closed. Depositors and stockholders paid in full. Business transferred to the Citizens' National Bank.
" .. "	King City..... King City Bank; now Ward & Bland.
NEB...	Hubbell..... Conklin & Gow; now W. H. Conklin

N. Y...	Amsterdam....	Manufacturers' National Bank; went into liquidation on August 1.
"	Bolivar.....	Bolivar Banking Co. succeeded by State Bank of Bolivar. Robert F. Borckman, <i>Pr.</i> John F. Thompson, <i>Cas.</i> \$100,000.
"	Buffalo.....	Marine Bank; undivided profits \$178,652.
N. C....	Elizabeth City.	Albemarle Bank; closed.
OHIO...	Dayton.....	People's Bank and Savings Depository; discontinued. William Gunckel, deceased.
"	Moscow.....	Deposit Bank; now Lemar, Selby & Wiley.
PENN...	Philadelphia...	William H. Loyd & Co.; failed.
TEXAS..	Terrell.....	Holt, Bivins & Corley; dissolved.
"	Whitney..	R. S. Porter & Son; exchange and collection business transferred to Carruth & Martin.
UTAH..	Salt Lake City.	T. R. Jones; now T. R. Jones & Co. J. S. Lynn, <i>Cas.</i>
WYOM..	Cheyenne.....	Stock Growers' National Bank; paid capital \$140,000.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 154.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
COL....	Georgetown....	Bank of Georgetown.....	Kountze Brothers.
		James F. Tucker, <i>Pr.</i> Henry Seifried, <i>Cas.</i>	
IND....	Franklin.....	National Bank of Franklin	.....
	\$50,000	John Clarke, <i>Pr.</i> J. C. Smith, <i>Cas.</i>	
IOWA..	Fort Dodge....	Fort Dodge National Bank.	Ninth National Bank
	\$50,000	John C. Cheney, <i>Pr.</i> E. D. G. Morgan, <i>Cas.</i>	
"	Iowa Falls....	Commercial Bank.....	First National Bank, <i>Chicago.</i>
KY....	Williamstown..	Grant County Deposit B'k.	Union Nat'l B'k, <i>Cincinnati.</i>
	\$25,000	William Points, <i>Pr.</i> P. T. Zinn, <i>Cas.</i>	
MD....	Baltimore.....	Bonsal & Hoogewerff....	Hallgarten & Co.
MICH..	East Saginaw..	Home National Bank.....	.....
	\$200,000	W. R. Burt <i>Pr.</i> J. H. Booth, <i>Cas.</i>	
"	Mecosta.....	Exchange Bank (Gilbert & Wixson.)	Ninth National Bank.
"	Menominee....	Brown & Flower.....	Imp. and Tra. Nat'l B'k.
MINN..	Duluth.....	Duluth National Bank....	.....
	\$50,000	Luther Mendenhall, <i>Pr.</i> Frederick W. Paine, <i>Cas.</i>	
"	Sleepy Eye....	Merchants' B'k (Griffith & Smith.)	Chase National Bank.
MO....	Vandalia.....	Mayes & Burckhardt.....	.....
NEB....	Genoa.....	Bank of Genoa (W. H. Motter.)	.....
"	Stella.....	Bank of Stella.....	.....
"	Sterling.....	Johnson County B'k (N. T. Hitchcock & Co.)	Kountze Bros.
"	Weeping Water	Cass County Bank.....	.....
"	Wymore.....	Blue Valley Bank.....	.....
N. Y....	Cattaraugus....	Bank of Cattaraugus.....	.....
		Oscar Beach, <i>Pr.</i> H. E. Greene, <i>Cas.</i>	
"	Clyde.....	Charles Hamilton.....	Chase National Bank.
"	Sinclairville...	E. B. Crissey & Co.....	.....
TEXAS..	Coleman.....	Coleman, Simpson & Co..	.....
"	San Angelo....	Concho National Bank....	.....
	\$50,000	Leasel B. Harris, <i>Pr.</i> William B. Ellis, <i>Cas.</i>	
VA....	Tazewell.....	Bank of Tazewell.....	.....
		J. Stros, Sen., <i>Pr.</i> George W. Spotts, <i>Cas.</i>	
W. VA	Kingwood.....	J. C. McGrew.....	.....
WYOM..	Cheyenne.....	Kent & Arnold.....	.....
QUE....	Montreal.....	Federal Bank of Canada...	Amer. Exch. Nat'l B'k.
		Wm. J. Ingram, <i>Ass't Gen. Mgr.</i>	

<i>State</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
MA.....	Winnipeg.....	Bank of Nova Scotia..... E. H. Taylor, <i>Agent</i> .	Bank of New York N. B. A.
N. B...	Bathurst.....	Merch. Bank of Halifax... E. C. Jarvis, <i>Agent</i> .	Bank of New York N. B. A.
" ..	Campbelltown..	Bank of Nova Scotia..... J. E. Narraway, <i>Agent</i> .	Bank of New York N. B. A.
" ..	Dorchester.....	Merch. Bank of Halifax... Emmerson & Read, <i>Agents</i> .	Bank of New York N. B. A.
" ..	Fredericton ....	Bank of Nova Scotia..... C. J. R. Kerr, <i>Agent</i> .	Bank of New York N. B. A.
" ..	" ..	Maritime Bank..... R. Blair, <i>Agent</i> .	John J. Cisco & Son.
" ..	Richibucto.....	Bank of Nova Scotia..... D. Waters, <i>Agent</i> .	Bank of New York N. B. A.
" ..	" ..	Merch. Bank of Halifax... M. Dickie, <i>Agent</i> .	Bank of New York N. B. A.
" ..	Sackville.....	Halifax Banking Co..... Josiah Wood, <i>Agent</i> .	Bank of New York N. B. A.
" ..	" ..	Merch. Bank of Halifax... James G. Taylor, <i>Agent</i> .	Bank of New York N. B. A.
" ..	St. John.....	Halifax Banking Co..... John Black, <i>Agent</i> .	Bank of New York N. B. A.
" ..	St. Stephen ....	Bank of Nova Scotia..... G. W. Daniel, <i>Agent</i> .	Bank of New York N. B. A.
" ..	Sussex.....	Bank of Nova Scotia..... G. W. Daniel, <i>Agent</i> .	Bank of New York N. B. A.
P. E. I. .	Charlottetown .	Bank of Nova Scotia..... D. C. Chalmers, <i>Agent</i> .	Bank of New York N. B. A.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from August No., page 157.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2760	Peoples' National Bank..... Lynchburg, VA.	Charles M. Blackford, J. W. Ivey.	\$205,300
2761	Home National Bank..... East Saginaw, MICH.	W. R. Burt, J. H. Booth.	200,000
2762	Atlantic National Bank..... Atlantic, IOWA.	John McDaniels, C. E. McDaniels.	50,000
2763	Fort Dodge National Bank..... Fort Dodge, IOWA.	J. C. Cheney, E. D. G. Morgan.	50,000
2764	Chase County National Bank... Cottonwood Falls, KANSAS.	A. S. Howard, W. H. Holsinger.	50,000
2765	Ontario County National Bank.. Canandaigua, N. Y.	Horatio W. Perkins, Frank W. Drury.	50,000
2766	First National Bank..... Villisca, IOWA.	W. S. Alger, H. H. McCartney.	50,000
2767	Concho National Bank..... San Angelo, TEXAS.	Leasel B. Harris, William E. Ellis.	50,000
2768	Duluth National Bank..... Duluth, MINN.	Luther Mendenhall, Frederick W. Paine.	50,000
2769	National Bank of Franklin, IND.	John Clarke, J. C. Smith.	50,000

MR. D. P. FACKLER—Actuary in Life Insurance matters and Auditor for Corporations—has removed to 20 Nassau Street.



## NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 31, 1882.

*Exchange on London at sixty days' sight, gold 4.85½.*

The condition of the New York City banks at this season of the year, when money usually flows from them very freely, is always watched with keen interest. They seem to be in a stronger position than they were at the corresponding date last year, and are likely to remain so for the reason that there is not such a speculative craze in breadstuffs as there was during the autumn of 1881. The wheat crop it is confidently reported is larger than ever before, and the corn crop will probably exceed that of any previous year. There have been very contradictory reports about it, but the truth seems to be that while the yield is likely to be from 75,000,000 to 100,000,000 bushels less in Illinois and some other of the old heaviest corn-producing States, this loss will be far more than made up by the increased production of the South and the Southwestern States. The Southern States have finally awakened to the fact that they ought not to depend for their wealth on growing cotton alone, that a diversity of crops is desirable and will yield more certain returns, and this year marks the inauguration of the new policy. Hence the production of corn will be very large, closely approximating, by the best estimates, to nearly 2,000,000,000 bushels.

One effect of the enormous crops on the money market is very apparent. Speculation is paralyzed and so there is less demand for money. Last year, at this season, the speculators were borrowing large sums to buy up grain with the view of advancing its price. The banks were drained to a low figure and were kept so for a much longer period than usual. But now, as soon as a bull speculation sets in and the price of grain is marked up, immediately large quantities are sent into the market and the bull speculators are flooded out. This condition of things is likely to remain throughout the year so far as the breadstuff market is concerned.

A word may be added here concerning the conflicting returns of the quantities of grain annually produced. The returns sent to the agricultural department at Washington are inaccurate for the reason that they are prepared generally by farmers whose interests lie in representing the smallest production possible in order to sustain prices. On the other hand, the Associated-Press dispatches are inaccurate because these are largely manufactured in the interests of buyers and represent the largest possible production in order to depress prices. It is, therefore, not an easy thing to arrive at the truth about the yearly production, but from the best information we are able to gather the facts as we have given them. There seems to have been a singular forgetfulness in some quarters to take account of the Southern and Southwestern production, and this is the reason why the prospective grain crop has been estimated so low by some statisticians who ought to have had a better knowledge of the situation.

Trade is feeling the stimulus which always comes from a bountiful harvest. In the dry goods trade, especially, cheering reports are everywhere received, and, in general, it may be said that business wears a healthy as-

pect. It should be remembered, however, that European harvests are unusually good, and though the war in Egypt may increase the demand, on the other hand Europe is better able to feed herself than she has been for several years. The American producer, therefore, cannot expect to get as much for his products as he has received in former years.

The lull in breadstuff and provision speculation is not confined to these things; Wall Street is duller than usual. The improvement in business has not permeated the stock-market to an equal degree. For various reasons, given in our last monthly article, people are rather tired of fishing in these most uncertain waters. Many brokers and others hastily assumed that, as soon as individuals began to make money more rapidly they would at once send in their orders for stocks, but it is seen that there is no necessary connection between speculation and business prosperity. It does not follow that men must spend their gains in Wall Street, though this view is not fully shared by the Wall Street fraternity.

Our exports are increasing and imports are declining, yet shipments of gold to some extent continue. Though the balance of trade is now in our favor the rates of exchange remain up and are likely to continue so for some time, for the reason that against the wheat we are now exporting, bills were largely drawn in July and came on the market then, having the effect to diminish the exports of gold at that time. But the balance against us will probably be liquidated ere long if the current of exports and imports continues to run as it is running at present, and this will cause a more hopeful state of feeling than has been prevailing for several months.

The effect of diminished imports on the revenues of the Government is an important topic, which the late Congress did not take into account in making up the appropriation bills. Indeed, they seemed to be altogether too busy in devising ways for spending the public money to consider for a moment what the probable revenues for the next fiscal year would be.

The offers to exchange the three and a half per cents for three-per-cent. Government bonds have been for a very large amount. Those represented by the packages marked "10 A. M., August 1, 1882," all of which were included in the drawing for choice of numbers on the 25th of August, were about \$200,000,000. The principal offers came from National banks, and nearly all of them have signified an intention of exchanging the three-and-a-half per cent. bonds for the new three per cents. The largest single application received was from a Philadelphia National bank. It was for about \$2,000,000.

The reports of the New York Clearing-house banks compare as follows:

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
July 29 ..	\$ 332,610,300	\$ 60,610,500	\$ 24,687,800	\$ 319,669,100	\$ 18,191,700	\$ 6,381,025
Aug. 5 ...	335,324,600	58,660,500	24,044,900	320,083,900	18,259,900	2,684,425
" 12 ...	336,316,200	60,405,100	23,962,600	322,141,600	18,204,100	3,832,300
" 19 ...	338,415,400	59,338,300	22,963,300	321,657,900	18,131,000	1,887,125
" 26 ...	335,746,600	57,195,400	22,748,400	315,251,100	18,203,100	1,131,025

The Boston bank statement for the past four weeks is as follows:

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation
July 29 .....	\$ 153,546,700	\$ 7,959,900	\$ 3,993,300	\$ 96,936,600	\$ 30,228,900
Aug. 5 .....	153,038,300	7,629,600	3,604,800	95,941,000	30,180,500
" 12 .....	153,394,800	6,666,800	3,296,200	94,357,500	29,988,500
" 19 .....	153,205,600	6,042,800	3,112,900	93,141,300	30,179,200
" 26 .....	151,008,300	5,838,800	3,424,100	90,269,200	29,980,100

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1882.	Loans.	Reserves.	Deposits.	Circulation.
July 29.....	\$76,094,612 . . . .	\$20,699,798 . . . .	\$71,104,140 . . . .	\$9,862,650
Aug. 5.....	77,099,834 . . . .	20,701,303 . . . .	71,279,413 . . . .	9,842,360
" 12.....	76,674,768 . . . .	20,456,729 . . . .	70,411,713 . . . .	9,436,352
" 19.....	76,723,326 . . . .	19,648,749 . . . .	69,434,556 . . . .	9,418,470
" 26.....	77,294,750 . . . .	19,431,743 . . . .	69,837,517 . . . .	9,455,656

We append the usual quotations of leading stocks for the month :

QUOTATIONS :	Aug. 7.	Aug. 15.	Aug. 23.	Aug. 30.
U. S. 5s, 1881, Coup...	101½ ..	101½ ..	101½ ..	101
U. S. 4½s, 1891, Coup.	114½ ..	114½ ..	114½ ..	114½
U. S. 4s, 1907, Coup...	120½ ..	119½ ..	119½ ..	119½
West. Union Tel. Co..	88½ ..	89½ ..	89½ ..	90½
N. Y. C. & Hudson R.	136½ ..	136½ ..	133½ ..	134½
Lake Shore.....	115½ ..	115½ ..	113½ ..	112½
Chicago & Rock Island	136½ ..	138½ ..	135½ ..	136½
New Jersey Central...	77½ ..	79½ ..	78½ ..	77½
Del., Lack. & West....	138 ..	147½ ..	142½ ..	144½
Delaware & Hudson..	115½ ..	118½ ..	116½ ..	115½
Reading .....	58½ ..	60½ ..	60½ ..	60½
North Western.....	141½ ..	148 ..	145 ..	145
Pacific Mail.....	46 ..	45½ ..	44½ ..	44½
Erie.....	40½ ..	39½ ..	38½ ..	39½
Discounts .....	5 @ 5½ ..	5½ @ 6 ..	5½ @ 6 ..	5½ @ 6
Call Loans.....	3 @ 4 ..	3 @ 6 ..	3½ @ 5 ..	2 @ 6
Bills on London.....	4.85½ @ 4.88½ ..	4.85½ @ 4.88½ ..	4.85 @ 4.88½ ..	4.85½ @ 4.89
Treasury balances, coin	\$79,648,968 ..	\$81,277,184 ..	\$83,831,169 ..	\$87,262,104
Do. do. cur.	\$6,479,176 ..	\$6,269,510 ..	\$5,900,598 ..	\$5,822,754

## DEATHS.

At SING SING, N. Y., on July 19, aged fifty-one years, W. W. BENJAMIN, President of the First National Bank.

At DAYTON, Ohio, on July 16, aged seventy-three years, WILLIAM GUNCKEL, Proprietor of the People's Bank and Savings Depository.

At GARDNER, Mass., on June 24, aged fifty-one years, CHARLES HEYWOOD, President of the First National Bank.

At GARDNER, Mass., on July 21, aged eighty-two years, LEVI HEYWOOD, Vice-President of the Gardner Savings Bank, and the oldest director of the First National Bank.

At MONTCLAIR, N. J., on August 10, aged seventy-four years, ANTHONY LANE, formerly Cashier of the Fourth National Bank of New York City.

At BIRMINGHAM, Ala., on August 7, aged sixty-eight years, CHARLES LINN, President of the National Bank of Birmingham.

At MYSTIC, Conn., on August 26, aged eighty-seven years, CHARLES MALORY, President of the First National Bank of Mystic Bridge.

At PITTSBURGH, Penn., on July 30, aged seventy-three years, JAMES MCMASTER, President of the Farmers and Mechanics' Bank.

At MADISON, Ind., on July 23, aged fifty-eight years, NATHAN POWELL, President of the National Branch Bank.

At BALTIMORE, Md., on June 20, aged sixty-eight years, JESSE SLINGLUFF, President of the Commercial and Farmers' National Bank.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

---

VOLUME XXXVII.

OCTOBER, 1882.

No. 4.

---

IS MORE MONEY WANTED?

There are those who believe that more money than we now have is needed to transact properly the rapidly expanding business of the country. Several reasons exist which clearly point the other way: if the volume of money were enlarged it may be questioned whether the business interests of the country would not suffer rather than be benefited by the increase. If this were likely to be the case, surely such a step ought not to be taken. That such might be the effect of increasing the currency, will perhaps be seen before concluding what we have to say on the subject.

The total amount of currency now in existence is about \$800,000,000. This exceeds by more than \$100,000,000 the largest sum in circulation at any time during the war reckoned at a gold valuation. Within the last three years there has been added to the currency over \$400,000,000 from imports of gold, the production of the mines, and in other ways. These additions have been quite equal to the advance in population and the growth of trade. Moreover if the quantity of circulating medium be tested by the rate of interest that has generally prevailed, that has not been high enough to show any dearth of a monetary supply.

What reason then exists for supposing that the volume of circulation should be enlarged? It is true there are periods when the supply of money in New York is considerably diminished, and the rates of interest are advanced, but these do not usually last long. There is

the annual outflow of money to move the crops, but with increasing wealth in the West this disturbance is likely to diminish in the future. Last year, it is true, an unusual amount of money was sent to Chicago, where it remained for a much longer period than usual, but the occasion of the excessive demand was the enormous grain speculation, which set in as soon as it was known that the crops were smaller than those of the previous year. This was an exceptional state of things. The money which has annually gone West from New York has soon returned, and, we repeat, the average interest rate for several years does not show that there is any scarcity in the supply of a circulating medium.

There would indeed be if trade did not, independently of any action by the Government, create its own facilities for making exchanges. Bills of exchange and bank checks are the instruments which trade provides for its needs. The currency of the country is nothing more than its small change for transacting retail business and settling balances. A very considerable sum it is true is required for these purposes, but enough already exists, while bills of exchange of course can be drawn to the full amount of the larger trade that is transacted. Tried by any reasonable test we do not discover a lack of money, or see how business could be healthfully increased or facilitated by adding to the volume of the currency.

But if an addition should take place by the issue of more Government or bank notes, or in some other way, is it clear that business would be stimulated? In other words, is cheap money always desirable? Suppose an increase should take place, does it follow that business men would get money more easily? Without question, if such an event took place, speculation would be stimulated to a great degree, but would this be helpful to legitimate business? Almost always when money is cheap, speculators rush in and take it and plunge into more active operations. Legitimate business would by no means get its fair share of the money if it should become cheaper. It would be likely to lose far more than it would gain under the existing conditions, for by stimulating speculation, regular business is always injured. It requires no argument to show that speculation is injurious to regular production and exchange, either immediately or in the long run.

If the effect of increasing the supply of money were to enable us to produce and trade to better advantage, then, of course, an increased supply would be gladly welcomed; but when the dangers are so great that speculation would profit by the increase far more than legitimate business, we may wisely hesitate to add very much to the volume of the currency. Last year when speculation in breadstuffs and provisions was so rampant, what would have been the effect of swelling the currency? Plainly to feed the fires of speculation, and make them burn the hotter to the evident injury of

honest business. It was a very painful thing to see banks and other moneyed powers aid speculators by furnishing them with the means to engage in their unholy operations, while those engaged in far better pursuits could not be accommodated with the money they required. Yet there was money enough last year if it had not been directed into the channels of speculation. Had these enemies of honest business been denied accommodation, all other kinds of business would have borrowed easily every dollar that was needed, and at reasonable rates.

If, therefore, the circulation were to be increased, a competition would spring up between speculators and legitimate business men to get the new supplies, and judging by the past the former class would be the most likely to get the greater share of it. Of course, this should not be so, but we are stating what has happened and is likely to be repeated if enlarged supplies were to appear in the market.

The believers in cheap money never weary in condemning the policy of the Government in keeping its own reserve instead of putting it where it would be absorbed by individuals. Does any other Government, it is said, keep its receipts in this way? Is not this money withdrawn from active circulation, and should it not be returned to it as speedily as possible? Is not the money market made the poorer, and does not business suffer by locking up so much money in the sub-treasuries? These certainly are grave questions. But a great deal can be said on this subject. The Government has tried several experiments in the way of accommodating business with the use of its money, but these have always been failures. When the deposits were put into the first and second United States banks they were well managed, the Government was adequately served, and the people were benefited, but whenever the Government has tried the experiment of entrusting them to the State banks it has been the loser. When wanted most the deposits could not be had. In 1837, within a few months after the time when it gave away nearly forty millions to the States from its plethoric purse, it was on the edges of bankruptcy, because the State banks which kept its deposits could not respond. Instead of having ample resources, the Government was obliged to issue treasury notes to pay its ordinary expenses. Now if any one can devise a plan whereby the Government can get its deposits whenever they are needed, and yet have them in circulation instead of in the sub-treasuries, then, indeed, it will be worth while to consider it, but thus far we have seen no such plan.

The truth is, an ample reserve of money must be kept somewhere. It looks like a great waste to see so many millions piled up in the Treasury vaults, yet they are serving a most important use there. If the amount were reduced, as some propose, we should very soon find out the function of this accumulation in steadying the money market, and preventing speculation in the currency itself. A forti-

fication generally is a useless thing, but at times it is very needful, and the enemy often hesitates to attack because of its existence. The reserve in the Treasury performs the same office, and we should not lose sight of the fact.

It is doubtless a wise policy to preserve a degree of regularity with respect to it, and when the amount exceeds the accustomed limit, to buy bonds and let the excess flow out. But it certainly is no function of the Secretary of the Treasury to make money easy. If he attempts to do that, he has a much larger business on hand than the management of all the other affairs of the Treasury Department. He is not a regulator of the currency, and he cannot too carefully abstain from exercising such a power. On the other hand, as we have said, he may very properly seek to keep the Treasury balance near a certain point, and if that is exceeded let out the surplus without exciting the suspicion that he is engaged in helping anybody in particular, but it would be well if such a policy were clearly understood, for then no one would have any cause to complain. Secretary Folger's recent action in paying bonds at an earlier date than that first announced in order to relieve the money market, was, doubtless, a wise step, but it ought to be regarded not as an isolated arbitrary movement of the Treasury, but a step which would be repeated under similar circumstances.

Finally, suppose an amount of money equal to the Treasury accumulation should be added to the circulating medium, would this clamor to get hold of the money deposited there cease? By no means. As long as any money is seen idle anywhere a certain class wish to have it put into active use. They say it is withdrawn from business and, consequently, ought to be returned to it. But is it not just as rational to say that the amount there deposited is an addition to the currency previously existing? Before the war the sum held by the Treasury was comparatively small, a large item is the gold collected to redeem the legal-tender notes, and which in any event ought not to be withdrawn. The balance may be regarded as Government issues put into the Treasury, and not a sum extracted from business hoards. To us, therefore, it seems pretty clear that it is desirable to let well enough alone; experiments with the currency are always costly and should never be undertaken unless the necessity for making them is very apparent.

---

**BUILDING ASSOCIATIONS**—In 1880 there were 1267 building societies in England and Wales, each with an average of 300 members, an aggregate income of £18,000,000 and assets valued at £37,000,000. The number of persons who have bought houses through these societies is reckoned by hundreds of thousands.

### BANKING IN AUSTRALASIA.\*

Australasia at present has a population about equal to that of the United States at the Revolution, yet in respect to banking facilities, this rising empire of the East is many years in advance of what America was at that time. Australia had its first bank in 1817, when its population was only about 30,000; the United States in 1784, when it had nearly 3,000,000 inhabitants. Australasia had on December 31, 1880, twenty-six banks with numerous branches, thus differing from this country, where branches are almost unknown. The number of banks and branches had reached 500 or more in 1874. The capital and surplus of the Australian banks December 31, 1881, amounted to £18,839,000, or about \$91,500,000, a sum which was not reached in this country until after 1816, when population had reached about eight and a half millions. The bank-note circulation of the Australasian colonies December 31, 1881, was £4,909,329, or \$23,850,000, which exceeds the note circulation of the United States in 1808, when population was nearly 7,000,000. The deposits of the Australasian banks were £62,957,968, or \$306,375,000, December 31, 1881, which was not equaled in this country until after 1861, when the population had passed 32,000,000. The advances of the Australasian banks on December 31, 1881, were £71,340,610, or \$347,176,000. The bank loans of the United States first exceeded this amount in 1835, but this occurred during a temporary inflation of credits, and though there was a still further increase, it was not maintained. It was not until 1850, when our population reached 23,191,876, that the bank loans became permanently expanded beyond \$347,000,000. Our leading commercial city established a Clearing House in 1853, when it had a population of about 600,000; Melbourne in 1867, when it had a population of about 130,000. These figures serve to show how much earlier in reference to population banking facilities were developed in Australia than in this country. This is due in part to differences in the two countries, but mainly results from the more advanced economic character of the period during which the development of Australasia occurred. It shares in the more highly organized commercial life of the period.

Previous to 1817, the circulating medium of Australia, according to *Martin's British Colonies*, consisted principally of the private notes

\* For the information contained in this article special acknowledgments are due to Mr. J. H. Williams, U. S. Consul at Sydney; Mr. O. M. Spencer, Consul-General at Melbourne; Messrs. H. G. Turner of the Melbourne Clearing House; Robert E. Walker, editor of the *Australian Insurance and Banking Record*; and R. S. Brain, the Government printer of Victoria; also to Mr. J. W. Smith, U. S. Consular Agent at Port Adelaide, South Australia. Liberal use has also been made of the article of Mr. Nat. Cork, in the *Statistical Journal* of March, 1874; and of the statistics appearing in the *London Banker's Magazine*.



of merchants, traders, shopkeepers and publicans, the denominations of the notes being sometimes as low as sixpence or twelve cents. As a remedy for the evils thus caused, the Bank of New South Wales, the first established in the colony, was incorporated in 1817 with a capital stock of £20,000 in shares of £100 each. The notes first issued were in denominations of 2s. 6d. (about 61 cents), 5s. (\$1.21), 10s. (\$2.43), £1 (\$4.86), and £5 (\$24.33). Interest was not uncommon at the rate of ten per cent., and the bank was very prosperous from the beginning, yielding dividends ranging from twelve to twenty-one per cent. during the four years 1818-22. Owing to the scarcity of specie in circulation, it was more than once under the necessity of suspending the payment of specie on demand, but its solvency was unquestioned and the public confidence in it remained unabated. The charter was originally granted for seven years, but by renewals it has been continued, and the bank is still in successful operation with a paid up capital of £1,000,000, and a surplus of £500,000.

The Bank of Australia, the second institution of the kind, was established in 1826, and failed in 1842. The Commercial Banking Company of Sydney dates from 1834. The Bank of Australasia was established in 1835; the Union Bank of Australia in 1837; the Bank of South Australia in 1847; the Oriental Bank Corporation in 1851; the English, Scottish and Australian Chartered Bank, the Bank of Victoria, and the London Chartered Bank of Australia in 1852; the Australian Joint-Stock Bank in 1853; the Colonial Bank of Australasia in 1856; and the National Bank of Australasia in 1858. The Bank of Van Dieman's Land is also one of the old banks, having been established in 1823.

A severe financial crisis occurred in the years 1841-43, caused by extravagant land speculations and inflated prices. During this crisis the Bank of Australia and the Sydney Bank failed, the former as already stated in 1842, the latter in 1843. These are the only two bank failures that have occurred in New South Wales, but two other Australian banks discontinued about the same time, the Colonial Bank in 1844, and Archers, Gilles & Co. in 1843. During the same crisis, in consequence of losses, the Bank of New South Wales wrote off twenty-five per cent. from its capital and the Commercial Banking Company thirty-three and one-third per cent.

The banks of New South Wales were brought under Government supervision by the Act of September 23, 1840, requiring weekly and quarterly statements to be returned and published. The legislation of the other colonies is of more recent date. The Colony of Victoria, in addition to the laws in force when it separated from New South Wales, enacted in 1864 additional laws in relation to banks, trading companies and other associations. South Australia in 1863, provided by law for weekly and quarterly returns from the banks.

For the past fifteen years it is possible to obtain quite satisfactory statements showing the condition of the Australian banks. Previous to 1879 the returns are incomplete, there being no returns from Western Australia of an earlier date.

Five of the banks doing business in Australia have their head offices in England. Their capital and surplus in March, 1881, was £7,475,882, though this is not all employed in Australia. Five of the banks have their head offices in New South Wales, five in Victoria, three in South Australia, one in Queensland, three in Tasmania, one in Western Australia, and three in New Zealand.

The following statistics (the right hand figures being omitted thus, 170=170,000) give an approximately correct idea of the growth of banking in Australia:

	<i>Notes in Circulation.</i>	<i>Deposits.</i>	<i>Liabilities.</i>	<i>Total Coin and Bullion.</i>	<i>Advances.</i>	<i>Total Assets.</i>	<i>Capital and Surp.</i>
1843 (N. So. Wales).	£ 170	£ 853	£ 1,075	£ 380	£ 2,279	£ 2,695	£ 2,336
1854* (three colonies)	3,601	12,306	16,457	7,878	9,466	18,882	—
1855 "	3,853	11,411	15,766	5,762	12,760	20,214	—
1856 "	3,733	11,381	16,331	5,939	11,310	20,675	—
1857 † (four)	4,023	13,289	18,019	6,186	14,829	22,542	—
1860 ‡ (five)	3,283	14,148	18,095	2,662	18,562	21,239	—
1861 "	2,962	13,828	—	4,661	18,696	24,495	—
1862 "	2,786	15,442	—	4,000	20,571	25,882	—
1863 "	2,645	14,960	17,751	3,578	21,921	26,356	—
1864 "	2,652	16,157	—	3,818	—	27,453	—
1865 "	2,660	17,215	20,057	4,081	24,722	29,730	—
1866 "	2,286	17,083	19,599	3,817	25,681	30,695	—
1867 ¶ (six)	2,905	21,196	24,356	6,392	28,694	36,501	—
1868 ††	2,933	22,238	25,385	6,974	28,240	36,632	—
1869 ††	3,013	22,532	25,773	5,540	32,187	39,173	—
1870 ††	2,814	22,057	25,090	5,560	30,187	37,299	—
1871 "	3,040	25,392	28,047	7,459	30,336	39,353	—
1872 "	3,433	29,604	33,230	9,072	31,622	42,272	—
1873 "	3,912	32,384	36,905	7,905	38,884	48,473	13,112
1874 "	4,116	35,606	39,762	8,276	43,328	53,731	14,254
1875 "	4,257	40,099	44,785	8,630	48,432	59,208	14,795
1876 "	4,229	43,819	48,133	9,605	52,288	63,898	15,123
1877 "	4,339	49,134	54,293	8,739	60,906	72,068	15,612
1878 "	4,371	50,581	55,882	8,418	66,395	77,158	17,535
1879 (seven)	4,040	50,875	54,746	10,599	62,843	75,735	18,012
1880 "	4,405	54,999	59,629	12,280	58,146	73,235	18,410
1881 "	4,909	62,958	68,075	11,140	71,340	85,454	18,839

For the year 1843 the return is only from New South Wales, which then embraced what is now Victoria and Queensland. The returns are approximately complete since 1867 as the omitted colonies have comparatively insignificant banking transactions. The total assets and liabilities as given are exclusive of sums due to and from the banks, and the statistics are in most cases the averages for the last quarter of each year. The effects of the English crisis of 1866 upon the Australian banks may be observed to some extent in the foregoing figures. It precipitated the failure of two

\* New South Wales, Victoria and South Australia.

† New South Wales, Victoria, South Australia and Tasmania.

‡ New South Wales, Victoria, South Australia, Tasmania and Queensland.

¶ New South Wales, Victoria, South Australia, Tasmania, Queensland and New Zealand.

†† The returns for Tasmania for the years 1868-70 are not given.

banks—the New Zealand Banking Corporation and the Bank of Queensland, both of which became bankrupt in that year after “a brief but inglorious career.” The amounts involved were not large.

The different colonies compare as follows in respect to their banking statistics :

LIABILITIES FOR QUARTER ENDING DECEMBER 31, 1881.

	Notes in Circulation.	Deposits not bear- ing Interest.	Deposits bear- ing Interest.	Total Deposits.	Total Liabilities.
Victoria.....	£ 1,359,495	£ 7,425,355	£ 13,726,553	£ 21,151,909	£ 22,902,016
New South Wales.	1,539,250	8,377,582	11,930,433	20,308,015	22,394,316
New Zealand.....	917,601	4,111,235	4,782,619	8,893,854	9,912,840
South Australia....	525,264	2,143,254	2,799,300	4,942,554	5,555,593
Queensland.....	405,756	1,907,482	2,781,364	4,688,846	5,448,047
Tasmania.....	139,458	Not distinguish'd		2,600,110	2,755,765
Western Australia..	22,505	148,717	223,963	372,680	410,702

Total..... £ 4,909,329    £ 24,113,625    £ 36,244,232    £ 62,957,968    £ 69,379,279

ASSETS.

	Coin.	Advances.	Total Assets.
Victoria.....	£ 2,695,473	£ 22,783,437	£ 27,173,827
New South Wales.	3,373,416	20,935,595	27,870,483
New Zealand.....	1,753,605	13,287,420	15,667,484
South Australia....	1,042,933	6,796,687	8,414,743
Queensland.....	952,028	5,252,645	7,058,182
Tasmania.....	516,514	1,798,098	2,716,024
Western Australia..	118,814	486,728	633,695

Total..... £ 10,452,783    £ 71,340,610    £ 89,534,438

Bullion..... 687,487

Total specie.... £ 11,140,270

The total liabilities include £1,303,993 due to other banks, and the total assets £4,215,942 due from other banks, leaving the net amount of the former £68,075,286, and of the latter £85,319,496. The banks also hold £2,449,899 of landed property. A large proportion of the notes consists of one-pound notes, this being the lowest denomination issued.

The smallness of the circulation as compared with the deposits is very noticeable. Mr. Nathaniel Cork, F.R.G.S., in a paper on *Australian Banking*, presented to the London Statistical Society, March 17, 1874, states that the circulation attained its highest point in 1856, because at that time the specie in circulation was entirely inadequate to the wants of the population, and bank notes were wanted at the gold fields, there being no mint to coin the gold. Since that time branch banks have been established in every township, and nearly every artisan, gold digger or stockman, who has £5 of his own, keeps a banking account. For the transmission of money, therefore, checks or bank transfers partially superseded the note circulation which subsequently became less than in the early days of the gold discoveries. Although, with the increased bank circulation existing at present, the statement would no longer hold good that the note circulation of 1856 has been the highest reached, it is an interesting fact that in a rapidly growing country like Australasia, the bank circulation should remain so

nearly stationary for a quarter of a century. In Victoria the bank circulation reached £2,386,760 in the third quarter of 1854, being more than a million sterling greater than in 1881. No other colony shares so remarkable a change,

Banking in Australasia is based on the Scotch system, and has been even more fortunate than the latter in its exemption from serious disasters. The only bank failure reported in addition to the four already mentioned, was that of the Provincial and Suburban Bank of Victoria, which stopped payment in June, 1879, and went into liquidation with liabilities of £79,089 and assets valued at £52,048 in addition to £5 on each of the 20,000 shares for which the stockholders were liable. About the same time the European Bank, also of Victoria, suspended, but it afterwards became amalgamated with the Commercial Bank of Australia, the creditors being paid in full besides leaving a surplus for the stockholders.

The rates of interest prevailing in Australia, though not so high as in the early history of the colonies, are yet very much higher than those prevailing in the mother country, as will be seen from the following table showing the comparative rates of discount at London and Melbourne, relating more especially to joint-stock and private securities:

<i>Rates of discount for best three months bills in London. From Economist.</i>		<i>Rates of discount for best bills in Melbourne. From Argus Mail summaries.</i>		<i>Rates of discount for best bills in Melbourne. From Argus Mail summaries.</i>	
<i>From Economist.</i>	<i>Mail summaries.</i>	<i>From Economist.</i>	<i>Mail summaries.</i>	<i>From Economist.</i>	<i>Mail summaries.</i>
1867....	2½ per cent.	7¾ per cent.	..	1875.....	3 per cent. 8 per cent.
1868....	1¾ " " "	6½ " " "	..	1876.....	2¾ " " " 8 " " "
1869....	3 " " "	6 " " "	..	1877.....	2¾ " " " 7 " " "
1870....	3 " " "	6¾ " " "	..	1878.....	3½ " " " 7½ " " "
1871....	2¾ " " "	7 " " "	..	1879.....	1¾ " " " 8 " " "
1872....	4¾ " " "	5½ " " "	..		
1873....	4½ " " "	5½ " " "	..	Average..	2¾ " " " 7 " " "
1874....	3½ " " "	7¾ " " "	..		

As a result the investment of British capital in the Australian colonies has been greatly stimulated. The amount so invested in 1872 was estimated by Mr. Nathaniel Cork, in the paper already mentioned, as £70,000,000, or \$340,650,000. The London *Economist*, in a series of articles on the *Australasian Colonies*, published in 1880-81, estimated the amount as follows in 1880, as compared with population:

	<i>Population.</i>	<i>Total indebtedness to United Kingdom, over</i>	<i>Indebtedness per head.— Principal.</i>	<i>Interest.</i>
Victoria.....	920,000	£ 30,000,000	£ 33	£ 1 16s. od.
New South Wales.....	730,000	25,000,000	34	1 15 0
New Zealand.....	470,000	35,000,000	74	3 14 0
South Australia.....	270,000	12,000,000	44	2 8 0
Queensland.....	225,000	14,000,000	62	3 4 0
Tasmania.....	113,000	3,000,000	27	1 10 0
Western Australia.....	30,000	500,000	17	0 17 0
Total.....	2,758,000	£ 110,500,000	£ 43 10s.	£ 2 2 6
Total U. S. money.	—	\$ 581,547,000	\$ 211 69	\$ 10 34

This aggregate includes about \$438,000,000 of Government indebtedness, and over \$146,000,000 of city, harbor and railway borrowings, banking capital and deposits, funds lent to the colonies through land and land-mortgage companies, mining companies and similar joint-stock channels. It does not include the mercantile indebtedness of which it would be difficult to form an estimate. This foreign indebtedness involves the remittance of about £6,000,000, or \$29,200,000 a year as interest, either in cash, produce or additional indebtedness. If the foreign indebtedness of the United States were as great in proportion to population as that of Australasia, it would amount to over \$11,000,000,000, or more than four times the highest total ever reached. At the same ratio per head as New Zealand the foreign debt of the United States would mount up to the almost incredible sum of \$19,000,000,000, and it would be safe to predict a financial crisis and consequent depression more severe and prolonged than we have ever known. Against this indebtedness the colonies have to show appropriations on public works, immigration, banking facilities, land mortgages, and similar good securities of about £200,000,000, or \$973,000,000, with 3338 miles of railroad, and 26,842 miles of telegraph open December 31, 1879. The *Economist* considers New Zealand, South Australia and Queensland, as the only colonies which have seriously overtaxed their resources. The annual additions to the British investments in Australasia were estimated by the *Economist* at £10,000,000, which would make the present indebtedness of these colonies to the mother country about £140,000,000, or \$681,000,000.

Another authority, Mr. Michael G. Mulhall, estimates the investments of British capital in Australia in 1880 as follows:

Loans.....	£ 78,450,000
Banks.....	16,200,000
Companies.....	56,000,000

£ 150,650,000 or \$ 733,163,000

This it is safe to say would have increased to \$825,000,000 at the present time.

While the use of so much foreign capital has for a young and growing country with vast resources to develop, very great advantages, it places the business and monetary system of the borrowing country in a position of dependence, which at times produces very disastrous results. These conditions have a tendency to produce revolutions in trade, and expose the metallic basis of the circulating medium to the danger of being undermined by withdrawals of foreign capital, or even by stopping further advances. Says the *Economist*: "Were England to arrest the flow of these £10,000,000 a year, and though highly improbable, it is within the bounds of possibility, that an Australasian panic, following upon the default of an over-borrowing state might arrest them—a crisis would occur in the

entire trade of these colonies, the ill effects of which we have certainly no desire to contemplate."

The only Clearing House in Australasia is the Banks' Clearing House of Melbourne, established in the latter part of 1867. It embraces the ten following banks, being the same which originally formed the association :

*Paid up Capital, 1881.*

Bank of Australasia.....	£ 1,200,000
Union Bank of Australasia, Limited.....	1,500,000
Bank of New South Wales.....	1,000,000
Bank of Victoria.....	1,000,000
London Chartered Bank of Australasia.....	1,000,000
English, Scottish and Australian Chartered Bank.....	720,000
Oriental Bank Corporation.....	1,500,000
Colonial Bank of Australasia.....	400,250
National Bank of Australasia.....	800,000
Commercial Bank of Australasia, Limited.....	250,000
<b>Total.....</b>	<b>£ 9,376,250</b>

The Clearing House is managed by a committee of three of the managers of the associated banks, appointed for the purpose by the whole body of the managers, and under it by an inspector, for whose guidance a set of rules has been drawn up, on which the inspector is not allowed to infringe in the least degree.

On Tuesdays, Wednesdays, Thursdays and Fridays, there are six clearings, namely: morning at 9 o'clock, notes 10, mid-day 11.20, afternoon 2, country 3.10, return 3.35. On Saturdays the note and afternoon clearings are omitted, the last clearing being at 12.35; and on Monday there is an extra clearing for town checks, and returns at 4, and a note clearing at 4.40, the return clearing being at 5.30 P. M., making eight clearings on Monday. In consequence of this afternoon-note clearing there are no notes on Tuesday. To prevent the business of one exchange from running into the next, the door is locked at a stated time, and except for note clearings reopened five minutes later, after which no clearing is received. At the note exchange the door is locked at the commencement and not reopened until the inspector has declared that the notes balance.

The method of doing the business, according to a carefully prepared account given by Mr. Chester Earles, the inspector, is as follows: Each bank has a separate compartment and desk at the Clearing House. At every exchange each bank is represented by two officers, an inward and outward clerk. The duty of the outward clerk is to hand round to each of the other banks the charge of the checks, bills, &c., accompanied by an exchange slip on which is stated the total amount of the charge presented, this to remain in the house until the exchange is finished, to correct any error that may be found in his work. He then collects the exchange slips when signed, and takes them back to his bank. The inward clerk's duty is at the desk, where he enters in his inward book the amounts only of the checks, bills, &c., of which each charge is

composed, and compares the totals in his book with the exchange slips. If these agree he signs the slips as correct; if any slip does not and cannot be made to correspond with the inward book, he alters such slip, and signs for the amount as he makes it. The process is the same at each exchange during the day, the amount on the exchange slip always including the amount of the previous exchange or exchanges.

At the last or return clearing of the day, the inward clerk of each bank makes up a settlement sheet for the day, by entering on its debit side the day's totals as shown by his inward book, and on the credit side the totals as shown on his exchange slips with each bank, the resulting balance being what is due either by or to his bank. Each settlement sheet is then handed to the inspector, who enters the totals and balances in his daily exchange book. If this balances the day's work is done, and he signs the settlement sheets as correct, after which they are taken back to their respective banks. If the inspector's book will not balance, he must go through the work of each bank, find out and correct the error.

On Mondays, after the daily settlement is declared, the inspector makes up the week's work, and strikes a balance showing what each bank has to pay or receive for the week.

To avoid the wear and tear of gold, and the inconvenience of handling it in paying balances, the banks keep on deposit in the vaults of one of their number, under the care of three trustees, a quantity of sovereigns against which is issued an equal amount in parchment vouchers of £500 and £1,000 each, to be used only for the weekly settlements, and to pass as gold between bank and bank. Up to 1881 the sum so deposited remained at its original amount of £420,000, or \$2,043,930, but this amount was found insufficient for the increased business of the Clearing House, and it has been proposed to increase it.

The paying banks settle their balances with the inspector every Tuesday morning. All even sums of £500 and upwards are paid in parchment vouchers or sovereigns; all sums under £500 in checks, which are paid into a Clearing-house account kept at one of the banks. The inspector then registers the numbers of the vouchers received from the banks and to what banks he pays them, and draws checks for the odd sums to be paid. Should any of the paying banks not hold any vouchers, the inspector makes out an order for such bank to pay some other bank or banks the amount in sovereigns, which the paying bank must deliver to the receiving bank or banks named in the order; the full settlement to be made by 12 M. on each Tuesday.

When the Clearing House was first established the notes issued by the banks were not included in the exchanges. But the advantages experienced in connection with the exchange of checks

and bills, in respect to both time and security, were found to be so great that in 1876 the exchange of notes was commenced. The manner of proceeding is similar to that of the check exchange. The inward clerk receives and counts the notes presented to him by the outward clerks of the other banks, and signs a credit slip for the amount, which the outward clerk then hands to the inspector. The inspector enters the credit slips in his daily note-exchange book, which he balances before any of the clerks leave the Clearing House. The credit slips for the notes are then taken back to the banks in whose favor they are drawn, and are afterwards passed through one of the exchanges of the day with the checks.

The expenses of the Clearing House are borne equally by each of the Associated Banks, and are squared by the inspector every three months.

The inspector, Mr. Chester Earles, furnishes the following statement, showing the business of the Melbourne Clearing House from January 1, 1868, to December 31, 1881. Fractions of a pound greater than one-half are reckoned as units; those less than one-half omitted:

	<i>Total amount of checks, bills, drafts, &amp;c.</i>	<i>Notes included in clearings.</i>	<i>Total amount of weekly balances paid and received in coin.</i>	<i>Totals in millions of dollars, U. S. currency.</i>			
				<i>Clearings.</i>	<i>Notes.</i>	<i>Balances to paid clearings in coin.</i>	<i>Balances per ct.</i>
1868..	£ 67,240,565	—	£ 4,437,408	327.2	—	21.6	6.6
1869..	73,406,148	—	4,287,855	357.2	—	20.9	5.8
1870..	68,221,233	—	3,689,351	332.0	—	18.0	5.4
1871..	74,421,005	—	4,207,749	362.2	—	20.5	5.7
1872..	85,241,714	—	5,165,755	414.8	—	25.1	6.0
1873..	96,103,462	—	6,513,842	467.7	—	31.7	6.8
1874..	98,349,323	—	6,136,378	478.6	—	29.9	6.2
1875..	97,085,773	—	6,255,001	472.5	—	30.4	6.4
1876..	102,018,572	£ 9,528,789	6,683,160	496.5	46.4	32.5	6.5
1877..	109,185,065	10,049,590	6,385,185	531.3	48.9	31.0	5.8
1878..	106,467,503	10,347,470	6,814,743	518.1	50.4	33.1	6.4
1879..	98,658,829	9,908,163	6,309,604	480.1	48.2	30.7	6.4
1880..	103,353,505	10,445,608	7,030,968	502.9	50.8	34.2	6.8
1881..	126,071,431	12,062,234	8,198,354	613.5	58.7	39.9	6.5
Total.	£ 1,305,824,128	£ 62,341,854	£ 82,115,353	6,354.6	303.4	399.5	6.3

The amount of the balances paid by vouchers is considerably larger than those paid in coin, but neither that nor the balances paid by check are reported. The highest total attained by the exchanges previous to 1881 was in 1877, while, if notes be excluded, the point of extreme depression was in 1879, being a year later than in most of the other Clearing Houses throughout the world, which generally recorded their lowest transactions in 1878. Australian commerce has evidently begun to feel, though somewhat later than this country, the influences which are producing an almost universal revival of trade.

DUDLEY P. BAILEY.



## WHERE IS THE SOUTH'S SURPLUS?

When the great Napoleon fell back from his campaign into Russia, he retired into his cabinet to cost and compute. He had made great losses, and he measured his deficiency. But there were new wars to wage, and he estimated his resources, to decide how it was best to engage his decimated tens against the triumphant twenties of the Allies, who were already thundering at his gates. The Southern people are just emerging from a financial campaign of great reverses, and it is well for them to consider, in that war of interests which is ever raging, how it is best to exchange their growing exports against those conflicting imports which now hold the odds against this land.

There is a provision of our National bank laws, that, before a dividend is paid, a certain proportion of profits made must be put into surplus. It is a wise law, and signifies that a corporation still doing business is liable to lose; and so, before its earnings are spent, a certain portion, which would represent the reserve guard of an army, must be withheld to offset losses which may happen later.

It were well if our dealers had such a law in their code of business, for sporting characters establish that if a player stakes his whole pile of ten against another's hundred, the odds will swamp the venturer; and yet, this is the rate at which most Southern dealers enter against the field.

In reviewing our financial horizon of a year ago, it is astonishing what dark clouds then lowered over the general mind. The oldest and, seemingly, wisest financiers were predicting a disastrous panic, and the rush upon a crisis which would reproduce the losses and depression of 1873. A careful study led me to write, in the *BANKER'S MAGAZINE* of October, 1881, that the disturbing causes were absent; and while my predictions have been fulfilled, I must now record that since that period the forces which demoralize commerce have been set in motion, and have largely left their impress in our midst. But, as I also stated, hope and fear are prime factors in making success and failure, and the real resource of the South is its land, for were it not for the bountiful crops now growing in our fields, the season passing securely over our heads would be attended by a stringency which would at least paralyze us for a year. The events of last year are familiar to all, and yet it is well to retrace them, for it is by the careful review of our experience that we gain the philosophy of facts.

There are some Southern railroad stocks which have always been standard securities for investment. Their intrinsic worth and established incomes being known, they were enacted to be legal investments, and so, though they sometimes wavered with the times, guardians could lay them in their vaults and sleep, like Rip Van Winkle, in the belief that when they awaked their old favorites would rally with them. But enterprising stockholders became restless by the flying schedules which competition whistled into their ears, and decided that changes of management would be increase of riches. So the old corporations were shifted 'from their original steady foundations, and raised from one base of value to another, until they were finally placed on the stock boards of New York and London. On those pinnacles moderate men grew dizzy, and grasped at the airy figures about them until their judgment rocked like a balloon amid the clouds of storm. But high flight into values had its advantages, for it enabled the financial aeronauts to spy around; so every old railroad which was seen in the distance was eagerly absorbed, and because this race of aggrandizement was fed by excitement, values of so many cents were inflated to so many tens of dollars.

It is admitted that the period was one of prosperity and power; that some of those stocks were worthy of development into prominence, and could the operators have paused when paying values had been reached, all the interests involved would have been benefited. The roads would have received a fresh impetus of attention and business; the new stockholders would have realized good returns on assets controlled by home management and home interests, and at the end of this progressive year we would have shown an available surplus for our exciting toils. But the penalty of speculation is that it never enriches but it crazes, and the gainer by chance is almost sure to be the loser by folly. And so, when ignorance was walking in high places and values had been carried beyond what a golden age had dreamed, Magnus still fancied that, because he felt so well, Maximus must feel better, and that in some auspicious moment Magnus would throw off his load of inflation and its costs on to the broader, stronger shoulders of Maximus.

But, like the fable of the fox and the goat in the pit, the stronger men jostled out of the crowd on the backs of their weaker neighbors, and though grasping manfully for the edge, by trampling his substance under foot, Magnus at last fell back, prostrated with a heavy weight of debt on top and only some unstable securities beneath him.

A prominent journal has estimated that the losses for that year, from excess of speculation, resulted in a billion and a half for the country, of which our own small community contributed some

\$1,200,000. Think of this depletion! Instead of having any surplus to show as our share of this increase of values, much of which was legitimate and is still maintained, we came short twelve hundred thousand dollars, which had been raised and expended by selling, borrowing, begging, and we fear in some instances, stealing.

But speculation had instilled its virus further: for some men reasoned if old stocks were suddenly worth so much, why should not new stocks boom in proportion. And so millions more were taken from trade and circulation and locked up in fixed capital, which can only be recovered gradually and after many years. It is argued that speculation is merely an exchange of values, and that even if money is lost to one it is made to another. But speculation never creates any wealth; and in this instance, it engrossed dealers who left their legitimate business to languish while they wasted time and means in gambling. The gains poured into the wreckers of trade—for to those Ali Babas a panic is the robber's cave of spoils, and suspension is the "Open Sesame" to plunder. Our speculations and spendings were continued until the dry season, and contraction with its demands rolled upon us. Our efforts were expended in gathering together those elements which create panics, and they culminated just at that summer period which kindles a smouldering pyre.

A cancer must poison flesh before it feeds upon it, and speculation had bloated our commodities until imports infected and preyed upon our resources. The elements of destruction were in the air, and if the South had not a bountiful crop on which the eyes and expectations can feast, we must have languished, and losing confidence in ourselves have failed to others, until we were crowded promiscuously on the precipice of inaction. But the farmer, besides maintaining himself, will produce a surplus which each department will in turn divide, and it is the assurance of this coming distribution which guarantees credit and security, and thus our real strength rests in land and its raw products. With the harvest, therefore, we shall be like a pilgrim who has escaped the hosts of darkness and with the rising sun takes a fresh start in life.

Already the surplus in our oat crop has not only enabled farmers to subsist, but it showed that Southern grain had a cash value in foreign markets which is more profitable than extended crops carried by outside interests controlling the charges and costs.

It is estimated that we shall have larger crops to realize from this season than have enriched us for years, and we shall once more solve the problem of converting our surplus into available profits, or wasting it as in the past—because, proportionately to our productions, which enrich all other lands, we are the poorest section on earth. Besides, we are more dependent on an available surplus than any other country; because, expending our efforts on produc-

tions which the world is bound to have, we are more than any other section a prey to rapacity and speculation.

The farmer gets some money ahead which he will afterwards need as cash, but he casts about, and seeing vacant tracts, he extends his borders. The planting season arrives, and having more land, he feels bound to utilize it, and so overstrains himself until, before harvest relieves him, he must either be sustained at heavy cost to himself, or he must abandon a portion of his undertaking, while the depreciated remainder will scarcely make ends meet.

The manufacturer has a profitable season, and instead of securing his operations by a surplus, he aspires to increase his capacity, so either fresh stock is sold or bonds issued upon the property, and too often material is accumulated which cannot be converted into the returns which a moderate effort would have secured. Our merchants enter the race of competition and struggle to enlarge their sphere to the neglect of important details, and without studying the all-important significance of their balance sheet.

If my views seem those of an alarmist, I ask my readers to reflect upon the immense values and advantages, many of them vital to our home interests, which in the last twelve months have passed into foreign competition and control.

One of our wisest economists devotes a chapter to proving that, if land is remunerative, it is more profitable to expend money upon bringing those same acres to their highest capacity of yield than by any increase of the area. And this principle of holding whatever interest we are driving under good control, applies to every department of life, for all soldiers agree that a battle is not won so much by extended lines of infantry or artillery as by the reserve guard which, at the critical moment, can be thrown with all its force into the breach. If our dealers, instead of overstraining, and so selling themselves to speculators, would grasp and hoard their surplus in some available form, then, instead of losing their time by seeking aid, they would bring their own reserve into the field and march steadily but surely into independence. The wealth of Holland, of England, and of New England, was retained by building up their banks and other institutions of credit; but as there has always been great prejudice and legislation against corporations in the South, their benefits have been cramped and retarded, and so other sections have outstripped us.

A corporation is simply a creator of wealth which the individuals of a community are too poor to procure separately, so they combine and derive its benefits in common, and we should assist in building up any enterprise which is legitimate, because its progress is our prosperity.

In the Iron Exchange of New York the grave question came up whether dealings in futures should be prohibited or allowed. The

majority decided that the members could engage in gambling ventures, and so those prominent capitalists put themselves on record as agreeing that fortunes may be wrecked, and the livings of the country hazarded, in order that they may plunder their way into winnings.

This is already the code of the Cotton Exchange, and there prices are moved up and down without any regard for the toiling producers of the South, but because it is the interest of the speculator.

In speculation the strongest margins succeed, the weaker ones must succumb, and while the South furnishes the products which are manipulated over the world, she is still the weakest section in available capital; and so we shall remain in the power of others until we husband our resources in available shapes.

It was in this cause that Hayne battled against Webster, striving to obtain for the products of his native soil the direct markets of consumers without subjecting them to harassing tariffs and depredations; and, as time rolls on, history vindicates more and more our great champion of Southern interests.

Our prospects are bright once more, let us look upon their brightness while we are free from the blighting eye of credit. Within three years two millions of emigrants have become members of this country and producers of National wealth, but as they follow the tide of available capital, the North and West absorb them, and the South is neglected until she can offer a surplus for science and skill. Within twelve months railroad values have risen solidly, and report a most profitable year despite last year's deficiency of crops. Within six months we have grown crops whose profitable yield are now assured, and upon which the war-environed consumers of the old world are bound to subsist.

Let us bring our lands to their highest capacity for yielding and develop our industries, but never over tax our strength by oppressive liabilities and liens, and remember that ten in the bank is often worth more than one hundred in the field dependent on others to dig out for us, and we perish while a plenty which we shall never reach, stares us in the face. When Napoleon was surrounded on the burning sands of Egypt by swarming hordes of Mamelukes, he formed his outnumbered squadrons into solid squares, presenting on every side a bristling, invincible front to his furious assailants. However outnumbered our means, by keeping our home and communities' forces solid, we can steadily hold a surplus against the assaults of speculation and depredation.

A farmer remarked to me the other day, that Providence had done His part this year. So we have only to be true to ourselves and our interests, and it must follow, as the night the day, we cannot then be false to any man.

JOSEPH S. BEAN, Jr.

## SMALL PAPER CURRENCY IN ENGLAND.

The present Postmaster-General of Great Britain, Mr. Fawcett, has proposed and carried through a plan of selling postal orders, payable to bearer and at any post-office, for sums of one pound or less. The charge varies with the amount, being two pence for sums exceeding 7s. 6d., one penny for sums exceeding 1s. 6d., and half a penny for smaller sums. As he drafted the plan, these orders were payable without limit, but the objection was made, that they would then constitute a permanent paper currency, that the £1 orders would expel the gold sovereigns and half sovereigns from use, and that the smaller orders would expel the silver shillings and florins. There can be no doubt that these consequences would have followed in due time and in no long time, as paper is so much more convenient and could not fail to become more popular. There was another objection, not openly urged, but which must have been a serious obstruction, and that was that it would interfere with the present circulation in Scotland and Ireland of £1 bank notes. Before the plan was sanctioned by Parliament it was amended, so that the postal orders must be presented within three months from their date, and that if not so presented, an extra charge equal to that imposed originally shall be made for every additional three months the orders are kept in circulation and not presented. This amendment will reduce the amount out and in use very materially, but still it is likely to be somewhat considerable. To whatever extent the circulation may go, it will give the Government the use of so much money without interest.

We do not know whether postal orders on the new plan of Mr. Fawcett are in addition to, or a substitute for, the postal orders previously authorized and in use in Great Britain, and which like our own, were payable, only at a particular post-office and to the persons to whom they are made payable, or to the written orders of such persons. But we presume that the old form of postal order is still obtainable in Great Britain, as it is in certain cases safer in use.

It is not unlikely that the English prejudice against £1 notes, by whomever and in whatever manner issued, had a good deal to do with the Parliamentary modification of Mr. Fawcett's plan, but it is also probable that it was opposed in its original shape by some persons, who dislike government circulating paper, but would not have been specially hostile to an issue of £1 notes by the Bank of England.

The general subject of substituting £1 notes, and on a large scale, for sovereigns, was somewhat debated during the last session

of Parliament, and Mr. Gladstone manifested a decided leaning towards it. On one point, he gave an explicit opinion, by declaring that he did not attach any importance to the idea that the metals, in actual, from hand to hand, use as money, was a fund to be drawn upon by the banks in an emergency for the purpose of sustaining coin payments, inasmuch as the necessities of the circulation would not allow it to be drawn upon.

It can certainly be effectively drawn upon in no other way than by issuing small notes to take the place in an emergency of the coin in use. It was upon that view that Mr. Jefferson so persistently proposed that the monetary circulation of this country should be managed so as to be really a war fund. He advised that it should be exclusively metallic in time of peace, so that the total currency could be used for war by substituting paper.

The tendency to an issue of £1 notes, either by the Government or by the National bank, is certainly on the increase in England. The late Professor Jevons was an earnest advocate of it. But the opposition is overwhelmingly strong, and is not likely to yield except to the pressure of some new events. Unless the general outturn of the gold mines of the world is increased by new discoveries, there may be a scarcity of it and a rise in its value, which will in England and elsewhere stimulate the proposal of paper substitutes. It is a less probable event, but still it may occur, that the public finances of England may fall into such embarrassments from wars, or other misfortunes, that the Government might find it a convenient resource, either to issue small notes itself, or to obtain low-rate loans from the Bank of England, as a consideration for allowing that institution to issue such notes.

In this country the use of paper notes, and down to as low a denomination as \$1, is so confirmed a habit, and is so undoubtedly popular and convenient, that the idea of forcing the use of metal in their place may be fairly put down in the category of political impossibilities. And we do not ourselves believe that, as our currency is now regulated, such a substitution would add any appreciable strength to the guarantees we now have for the steady continuance of coin payments.

It is, of course, true, that paper of all denominations, large and small, may be so issued, as not to change the volume of the currency in any degree. That is done in the case of the gold and silver certificates now issued by the United States Treasury, which holds untouched the identical metal represented by the certificates. We might have, if we saw fit, gold and silver certificates for \$1 or even less. The smaller the sum, the less care would be taken of the certificates, the more of them would be lost, and the greater the profit of the Treasury would be. We have had a striking recent experience of that in the fate of the fractional currency.

RECEIPTS, APPROPRIATIONS AND EXPENDITURES  
OF THE GOVERNMENT FROM 1840 TO 1860.

In the autumn of 1840 there was an overturning of political parties and Gen. Harrison was elected President. Dying shortly after his inauguration, John Tyler succeeded him, whose administration was as novel as it was painful, especially to the party by whom he had been elected. In May Thomas Ewing, of Ohio, who had been appointed Secretary of the Treasury by President Harrison, made a report to the House in which he discussed chiefly the keeping and disbursing of the public money, turning also a side light, though not very strong one, upon the tariff.

Ever since emptying its plethoric purse into the greedy State Treasuries, the Government had not received enough to pay its annual expenses. Every year it sank a little deeper into the mire of debt. A very uncomfortable feeling was kindled by the reflection that in a time of profound peace the Government could not pay its expenses year after year save by borrowing. The Treasury note system worked so easily in getting the money needed to pay the deficiency that it was continued. At every session the old stereotyped act was repeated with but few changes of form, authorizing the Secretary of the Treasury to reissue the Treasury notes that might be presented, and extending his authority to issue more if occasion required.

In 1841, on Ewing's recommendation, Congress authorized him to fund the unpaid Treasury notes. The loan was to be paid the first of January, 1845. Subsequently, other Treasury notes which could not easily be paid were funded in the same manner. The loan authorized in 1843 was made payable ten years afterward and bore five per cent. interest.

When \$7,000,000 more of Treasury notes had been funded under the law of '43, others remained to the amount of \$4,656,387.45. They bore six per cent. interest, which was a high rate for the Government to pay at that time. The Secretary of the Treasury, John C. Spencer, regarded the duty "very obvious" of exercising the authority given to him by the Act of '43 to issue other notes in such a manner as would promote the convenience of the Treasury, and avoid the danger and expense of remitting coin to the public agents for disbursement, and yet save the largest amount of interest. Although the interest had ceased on more than two millions of these notes in consequence of a notice given by the Treasury of its readiness to redeem the whole amount,



yet they were retained by the people for remittance from place to place.

This fact indicated to the Secretary that when they were redeemed others could probably be issued of a low denomination without any, or at a nominal, interest; and that they would be received with avidity by the public creditors, if convertible into coin on demand. Thinking thus, what did he do? With the sanction of the President, he issued notes of the denomination of fifty dollars with interest at the rate of one mill per annum on a hundred dollars. These notes were to be purchased at par whenever presented "at the depositories of the Treasury in the City of New York," and an indorsement to that effect was printed on the back of them. They were not only receivable for all public dues, but could be exchanged for specie at par, at the Custom-houses and land offices to the amount of one-half the coin in their possession. An effort had been previously made by Woodbury to substitute notes bearing nominal rates of interest, and also notes bearing the rate of two per cent., but the experiment had failed because they were not convertible into coin on demand.

No apprehension was entertained of the ability of the Treasury Department to purchase all that might be presented for payment. "There was," Spencer declared, "and always must be, a surplus in the Treasury beyond the immediate calls upon it. This with a revenue more than three times the amount of the notes constantly accruing would be adequate, as its place could always be supplied with other notes, with or without interest, as circumstances required, with which a portion of the public expenditures could be met. In the possible event of a large accumulation, Treasury notes bearing such interest as would ensure loans not exceeding the prescribed rate, or a resort to the authority to issue a stock, would, either of them, be sufficient to provide the necessary funds to meet such accumulation."

As a justification for this measure, the Secretary declared that the exigencies of the Treasury demanded that the effort should be made to relieve it from such a weight of interest, especially since it would not preclude a return to the system which invited banks to hoard Treasury notes by allowing them interest while they borrowed of the community without interest to the extent of their circulation.

Spencer discovered no constitutional objection to borrowing in this way, but Congress did, and the fires of controversy grew very warm. Indeed, all the constitutional arguments against making paper money a legal tender which were put forth twenty years later, may be found in the reports and discussions occasioned by this action of the Secretary of the Treasury.

An effort was made to negotiate a loan for the amount needed to discharge the Treasury notes in Europe, but no foreigner could be induced to buy our Government bonds at that time at par even though bearing six per cent. interest. William Cost Johnson, who acted for the Treasury Department in this transaction, observed in his report that "while nations, with not a tithe of our resources and with large public debts, have been able to effect loans at three per cent. per annum, the agent of this Government had to return from the same money market, where capital is seeking investment at two and three per cent., without receiving a single offer for any portion of a loan to our Government at six per cent."

Why did Congress suffer the public debt to increase? Why were not the expenditures reduced if increased taxation was not practicable? Why should the six millions of indebtedness bequeathed by the former administration be allowed to expand beyond twenty-five millions in 1844? Retrenchment was the true remedy, yet this it was very hard for Congress to apply. The salaries paid were fixed when the country was sailing on the flood tide of prosperity, when money was plentiful and cheap, and the prices of everything correspondingly high. But now the situation was reversed, yet Congress was very slow to recognize it. Not until 1844 did Congress awake to the necessity of reducing expenses in order to stop the growth of the debt.

Spencer was succeeded by George M. Bibb, of Kentucky, the fourth and last Secretary of the Treasury during Tyler's troubled administration. Ewing, the choice of Harrison, was among the first to resign when Tyler began to manifest his disinclination to remain in harmony with the party that had elected him, and he was succeeded by Walter Forward, of Pennsylvania, who remained in office long enough to report twice annually concerning the operations of the Treasury Department. The President next sent the name of Caleb Cushing into the Senate, but the nomination was rejected. The nomination was twice renewed, but the Senate resolutely declined to confirm him. John C. Spencer, the Secretary of the Navy, was then transferred to the Treasury Department, and the Senate sanctioned the change. After a short administration of its affairs he resigned because he was not willing to deposit, by order of the President, one hundred thousand dollars of secret service money with a confidential agent in New York contrary to law. With such swift changes efficiency in the management of the affairs of the Treasury was impossible. The wonder is, that the public business was not managed worse. While Bibb administered the finances, the Government experienced the beneficial effects of renewed prosperity and a larger revenue. There was no longer a deficiency, but a surplus, which Bibb suggested

should be kept for a sinking fund to be used in paying the debt which had been accumulating ever since 1837. No longer did the Secretary of the Treasury need recommend the tapping of new sources for taxation; the supply of revenue was bountiful, and the wheels of the Government rolled easily along.

Yet there was a marked difference between his views and those of the Committee of Ways and Means with respect to paying the public debt. Bibb favored a slower liquidation, and recommended the issue of new stock for a portion of it, payable in ten or fifteen years, and the reduction of taxation. On the other hand, the Committee stoutly advocated a more rapid payment of the debt and the maintenance of the revenue laws. Their views prevailed.

The wasteful and illegal expenditure of money which had thrown such a painful glare over the two former administrations had by no means ended. It had been lessened in many ways, but when once these fires begin to burn they are not easily extinguished. Said a Committee on Retrenchment in 1844: "Thorough investigation has been so long delayed that abuses have imperceptibly crept into nearly every department, 'regulations' have become laws, 'precedents' have constantly multiplied for extra allowances and other unwarrantable expenditures; office hours have been shortened, and indolence become fashionable." In the army and navy especially the officers were receiving a large compensation in return for a slight service, and many were retained who had no duty to perform. "A most reckless and profligate use" had been made of the contingent funds of the several departments, including that under the immediate control of the House. But Congress was reluctant to begin the greatly needed work of reform. Indeed, it has always been difficult for that body to pare down expenditures, however glaring might be the necessity for such action.

When Woodbury retired from the Treasury the Government was in debt, though the amount was small and would have been discharged during his last official year had there not been large expenditures unexpectedly for the Florida war and the payment of Indian claims. How the debt had risen by the end of the next four years will be seen by comparing the following figures:

	Dec. 1839.		1844.
Old funded debt.....	\$ 299,554 95	..	\$ 156,174 51
Old unfunded debt.....	26,622 44	..	22,003 56
Treasury notes of 1812.....	5,295 00	..	4,317 44
Mississippi stock.....	4,320 09	..	4,320 09
Debts assumed of District of Columbia.	1,500,000 00	..	1,260,000 00
Outstanding Treasury notes.....	4,433,823 00	..	1,912,713 17
Loan of 1841.....	—	..	5,143,026 88
Loan of 1842.....	—	..	8,343,886 03
Loan of 1843.....	—	..	7,004,231 35
	<hr/>		<hr/>
	\$ 4,771,115 48	..	\$ 23,850,673 17

The Secretary had redeemed, it is true, since July, \$322,584.61 of

Treasury notes, and \$539,950 of the stock issued in 1841, but the debt which remained was an indelible mark of the misgovernment of the period. There were some slight attempts to economize during Tyler's administration, but extravagant and corrupt modes of expenditure had become so perfectly organized that reform was slow and difficult. It must be added, too, that the cry of retrenchment was neither strong nor effective. The spirit of reform that existed in Congress was faint and fitful, and spent itself chiefly in lamentation. Nothing could have been clearer than the duty of Congress to bring the expenditures within the receipts, yet not until 1846 were the estimates for expenditures very much reduced. A new tariff was enacted in 1841 which was expected to yield a larger revenue to the Government, but for two years afterward importations were light. The country had suffered reverses and had not recovered from liquidating the heavy balance due abroad—the accumulation of several years of buying in excess of the products sent thither. While the income was reduced, especially in a time of peace, the expenditures ought to have been pared down in almost every direction. Congress should have diminished the appropriations, and the executive departments should have faithfully performed their tasks. Had these things been done, there would have been no debt in 1844.

Woodbury, it is true, pleaded for a reduction of the appropriations, but he did not point out where to make them. He might have shown this so clearly that Congress would not have dared continue in its old ways. His successors flitted through the Treasury Department so swiftly that they hardly had time to ascertain where the growth of expenditure had been exuberant and might be wisely lopped off. It was easier to recommend an increase of revenue. Ewing thinking that Congress might not be willing to revise the tariff until it had had "its final and permanent operation," recommended as a temporary measure, levying a duty of twenty per cent. *ad valorem* on all articles which at that time paid no duty or one less than twenty per cent. and some other modifications of the existing tariff with the view of enriching the revenues of the Government, and this recommendation received the sanction of Congress. Forward favored a readjustment of the tariff and higher rates; Spencer suggested retrenchment, especially in collecting the revenues, and in some of the permanent and indefinite appropriations; but he uttered only a feeble note. As a relief measure he urged more cogently the taxing of tea and coffee.

His estimate of expenditures was very sharply criticised by the Committee of Ways and Means. He thought the deficiency would be about four millions and a half at the end of June, 1845, but in making his calculations he added the outstanding appropriations of the previous year and omitted to deduct the outstanding appro-

priations of the current year. The committee regarding the unexpended balance of appropriations of each year as not varying "very materially from one year to another," they set aside from the appropriations for the fiscal year 1844-45 \$2,500,000 for these unexpended balances, and by so doing cut down the deficiency to two millions. The committee agreed with the Secretary in regarding "the insufficiency of the current revenues to meet the current expenditures to be not merely present, but future also." What the committee proposed was a reduction of expenditure equal to the probable deficiency in the revenue. Reductions covering this amount had been recommended by Spencer. Though adopted by the Committee of Ways and Means, they could not refrain from remarking that they would not voluntarily anticipate a rejection of his recommendations, yet the history which the Secretary laid before them in the report under consideration admonished them not to confide too strongly in the reduction of the appropriations to the standard of the accruing revenue. The committee remarked that at each session of Congress, for the last seven years, appropriations had been made which were much larger than the current revenues. "During the early portion of this period, there were means in the Treasury independent of the current revenue, being a surplus of former years, to meet these excesses of appropriations; and when those means were exhausted, temporary loans, in the form of Treasury notes, were resorted to, to supply the deficiencies. In this way a debt in the shape of Treasury notes outstanding to an amount not probably varying very materially from six millions, had been contracted at the time when the present administration came into power, on the 4th of March, 1841, and that debt, thus commenced, has since that time, and up to the first day of December last, been swelled to the startling amount of more than twenty-five millions—more than twenty-one millions of which has been made to assume the permanent form of loans for a term of years, and the residue yet retains the form of Treasury notes outstanding. Deficiencies in the current and accruing revenue, to meet the annual appropriations have accumulated this amount of debt in this short period, and more than nineteen millions of it within three years,"

When Bibb made his report at the close of 1844 the country had recovered from its depression, profits were greater, the bank circulation had expanded, importations had increased, and the revenues were augmented sufficiently to pay the current expenditures and leave a surplus.

Walker, who succeeded Bibb, proposed to swell the National income still more by revising the tariff in such a way that the largest revenue possible from importations might be obtained. Congress accepted his views, and the tariff was revised accordingly. But again

the alarm of war was sounded, and more money than flowed into the Treasury through the ordinary channels was needed.

The President was authorized to issue within a year \$10,000,000 of Treasury notes, or to issue stock for that amount redeemable within twenty years. Only six per cent. was to be allowed in either case; nor was any commission to be given for negotiating the loan.

Although Congress authorized this loan in July, within six months more money was required to maintain the war against Mexico. In January, therefore, a loan of \$23,000,000 was authorized, but several new conditions were attached to it which require notice. The President could issue the whole amount in the form of Treasury notes of as small denominations as fifty dollars, and they were redeemable within one or two years after date, the interest to be determined by the Secretary with the approval of the President, though not exceeding six per cent., which was to cease after a notice of sixty days that the Government was ready to redeem them. They were to be given to those creditors who were willing to receive them, and on their credit the Secretary was authorized "to borrow, from time to time, such sums as the President may think expedient." The law, however, contained a proviso that they could not be pledged or sold for less than their face value, "including the principal and interest thereon." They were transferable by delivery and assignment, and receivable for all public dues, and the Secretary was authorized to buy them at par, allowing also for the amount of interest due at the time of purchase. The holders also of all outstanding Treasury notes were allowed to exchange them for six-per-cent. funded stock, and to receive the interest due thereon at the time of the exchange in money, the Government reserving the right to redeem them at any time after January 1, 1848. The authority granted to the Secretary the previous year to issue \$10,000,000 of Treasury notes was extended with respect to issuing one-half that amount, and the President was granted discretionary power to issue stock for the entire loan of \$23,000,000 instead of Treasury notes, redeemable after the 1st of January, 1848. The Secretary of the Treasury was also required to publish monthly a statement of all the Treasury notes issued or redeemed.

In February the Secretary advertised for proposals for \$18,000,000 of these notes. He stated in his notice that all bids must be unconditional, and without any reference to the bids of others, or they might not be considered. None would be received below par. The department reserved the right to fix the periods when the money must be paid, "so as not to be required to anticipate the wants of the Government, or allow any interest" before receiving the money. The amount of the bids was \$57,722,983, nearly all of

which were above par, varying from one-eighth of one per cent. to two per cent. The remainder of the loan was exchanged at par, partly for money to be deposited without charge at New Orleans, where the wants of the Government were great, and the rest chiefly to the Smithsonian Institution. The 22d of October, 1846, the department had advertised for the exchange at par of \$3,000,000 of Treasury notes bearing five and two-fifths per cent. interest for deposits of specie with the Assistant Treasurers. For several months the exchange was made slowly, and when in February the eighteen-million loan was advertised "serious doubts were entertained" whether it would be taken at par. It was the first loan ever negotiated in specie since the founding of the Government, and the first, save that of the previous autumn, which had ever been negotiated at or above par during a period of war. "The magnitude of the loan," affirmed the Secretary, "the fluctuations below par of the previous stock and notes, the untried, and to many, alarming restraining operation of the Constitutional Treasury, the heavy expenditures of the war, and the requirement of all the payments from time to time in specie, were deemed by many as insuperable obstacles to the negotiation of the whole of the loan at or above par. But, under the salutary provisions of the Constitutional Treasury, the credit of the Government was in truth enhanced by receiving and disbursing nothing but coin; thus placing all its transactions upon a basis more sound, and entitled to higher credit than when it held no specie, had no money in its own possession, and none even in the banks to pay its creditors but bank paper. Then, it was dependent upon the credit of the banks, and was subjected to every fluctuation which affected their credit. Now, it stands upon the basis of specie, so as to be above all suspicion of discredit, whilst by its demand for coin for revenue payments it sustains not only its own credit, but renders more safe the credit and currency and business of the whole Union."

---

**IMMENSE PENSION LIST.**—A statement prepared at the Pension Bureau shows that during the fiscal year ended June 30, 40,939 original claims for pensions, and 34,148 claims for increase of pension were filed. There were allowed during the year 27,664 original applications, and 10,231 for increase of pensions. The number of claims rejected was 21,295. There remain pending 269,678 original applications, and 21,288 applications for increase. The total amount paid for pensions during the year, including the cost of disbursement, was \$54,296,280.54; total number of pensioners on the roll, 285,697, a gain over the previous year of 16,867. The total amount paid by the Government for pensions from 1791 to 1861 was \$81,480,455.50. The total amount paid from 1861 to June 30, 1882, was \$560,641,324.75. Out of this amount, and since 1871, \$25,234,232.85 has been paid to the survivors of the war of 1812 and to the widows of those who served during that war. Deducting this latter amount and estimating that which may have been paid to pensioners on account of the wars prior to 1861 and 1865, about \$530,000,000 have been disbursed on account of pensions.

## THE 'MONEY QUESTION.\*

The meeting of the International Monetary Conference, that was appointed for last April, has apparently been postponed indefinitely. All the States possessing silver persist in their waiting attitude, with the uncomfortable feeling that the present situation is quite untenable, but without being able to decide as to the course to be adopted. The ratio of value of the two precious metals has about become fixed in the neighborhood of 18:1, but the new proportion is liable to change, since any further action of a State opposed to silver, may speedily cause again a great fall in this metal. Perhaps some such disturbing event will be required to extricate the money question from its present stagnation. This apathy is only observable in most of the governments; the bimetallist agitation has constantly increased its fervor in the public and press, and the representatives of a purely gold standard have been constrained to take part defensively at least in the debate.

The chief recent event in the money question was without doubt the appearance in the *Norddeutsche Allgemeine Zeitung* (April 5th, 1882), of a memoir, the author of which is rightly named as the Bank President von Dechend, and which in any case would not have seen the light, if it had been contrary to the views of the Imperial Government. The concessions of principle made in this memoir to bimetallism are particularly important, and on this account we are desirous of making the following observations on its statements, and also of considering the criticism of them by Soetbeer in the *Deutsches Handelsblatt* (April 20th and May 4th, 1882).

Herr von Dechend expressly recognizes the existence of a scarcity of gold; and bases his propositions on this fact. He thus puts himself in decided opposition to the party of the gold standard, which energetically denies any want of gold. We will not go into those arguments of the latter that rely solely upon public ignorance. When, for example, a great journal, in refutation of the legendary gold famine, appealed triumphantly to the grand total of 3,480 million marks of specie held by the large banks of Europe and New-York, it could only excite astonishment in any one half acquainted with the matter, since that total includes about 1,600 millions of silver coin. We shall neither discuss how great has been the falling-off of the production of gold. The monometallist party exults over the increased production of gold in Victoria for the year 1881 (886,000 ounces against 812,000 for the preceding

\* Translated from the German of W. Lexis.



year), but in comparison with the production of 1865 (1,500,000 ounces), or of 1856 (3,000,000 ounces), a considerable decline is still incontestible. Soetbeer cites the increase over the immediately preceding years of the importation of Australian gold into England (4.5 million pounds against 3.6 and 3.2 million), but the difference is still very great from the average of 1858-77 (6.6 million pounds), or of the single years of the richest period (1858 for example, 9 million pounds). The American production of gold for the fiscal year 1880-81 (\$36,500,000) is half a million dollars greater than for 1880, but still falls way below the yield of 1879 (\$38,900,000), and of 1878 (\$51,200,000), as well as the average from 1850-1870. We will not attempt to decide, whether the future of gold prophesied by Suess lies on the threshold of our present or still further off; but it is not a re-assuring fact, that according to Soetbeer's valuable researches the annual average consumption of gold for industrial purposes, exclusive of the old material, has risen from seventy-eight million marks in the decade 1851-1860, to 234 million marks in the period 1871-1880; while the average annual production, according to Soetbeer, has fallen from 563 million marks in the first period, to 475 million marks in the second, and in the last years it has only amounted to about 410 million marks. Soetbeer, indeed, appeals to the great present stock of gold money, which he estimates at 13,000 millions. He believes this sum would normally suffice for the monetary needs of the commercial States, even if there should be no further considerable increase of the stock of money from the surplus production left after other uses, because credit and prices would effect an automatic equalization. But this is just what the bimetallists regard as the threatening danger, and wish to avert the automatic equalization by a lowering of prices that does not result from an improved and easier production of commodities, but solely from an increased preponderance of the possessors of money over the producers. Such an increase in the value of money may be agreeable enough to fund-holders and officials; but economically, there is no doubt it is a great evil, as Soetbeer has previously openly declared. There are also great objections to the equalization by an extension of credit, which most partisans of a gold standard formerly shared. They tried accordingly to make the circulation of notes without a metallic basis more difficult by fixing a higher minimum value on the single notes. At present they seem to be of another opinion, and even in the English Parliament a motion was recently made for the introduction of one-pound notes. Every further development of the system of credit needs, so far as we can look into the future, a corresponding, though perhaps a proportionately smaller, extension of the metallic basis of the circulation. If this does not take place, if the normal additions of new

monetary metal to the old stock are entirely or partially wanting for a long time, while population and business increase naturally, the economic movement may still perhaps retain its full intensity for several years and prices may even be driven up. At last, however, a crisis will come that will put prices way down. Then the relative insufficiency of the monetary stock will revenge itself, for prices will be unable to reach again their former normal figures, while debts from the credit and earlier periods, which originally may have been incurred for legitimate, productive purposes, will bear down the producer with the full weight of their nominal amounts.

One cannot speak of an absolute monetary necessity in a nation's economy. If only half or twice as much gold were produced, as is actually the case, the world would get on with six and one-half or twenty-six milliard marks of money (not taking silver into account), just as it now does with thirteen milliards. The expression, scarcity of gold, has merely a relative signification, denoting either that the new production of gold does not keep normal pace with the development of economy and its system of credit, so that crises may ensue with the consequences just indicated; or that the civilized States threaten one another with withdrawals of gold, which are felt extremely on one side, induce a raising of discount, trouble the money market constantly, and lead to real monetary crises, that is to such crises as are not caused by any economic sins, nor unsound relations of production, but by the accidental circumstance of a temporary increased necessity for money. Whatever the absolute monetary stock of a people's economy may be, the transition to a new condition with less money will always have oppressive and injurious effects upon the productive interests, and the present banking organization of civilized States makes these effects appear at once in all their severity. It will possibly be said that the raising of discount, so hurtful to commerce and industry, is now absolutely necessary for the regulation of the international movement of the precious metals; neither could it be avoided, if the specie of all banks consisted of gold and silver, instead of gold alone; it must lead to a universal inflation, if every country, that in consequence of a poor harvest, had paid out 100 million marks in cash to another, should wish to fill this gap at once by new precious metals, instead of waiting in the regular way for the automatic changing of the balance. The reply would be, that the banks feel this draft upon their precious metal more in proportion to the lowness of their stock. The silver hoard of the German Imperial Bank, of the French and the Dutch banks, cannot be considered as a valid remittance in international transactions, but the banks fix their discount policy chiefly according to their holding of gold. If silver possessed a universally recognized fixed value in relation to gold, at which banks could pay it out for

notes, metallicallly-uncovered notes would hardly appear in ordinary times, and in international payments, where gold and silver might be indifferently employed, a bank could part with far larger amounts of cash than now, without having recourse to any measure of prevention.

If it were simply a question of the occasional shiftings of gold, that arise from the necessities of international commerce and are gradually equalized upon the whole, there would be no need of any great uneasiness about a possible lack of gold. The real facts of the case, however, are that the gold of late has been flowing off into newly-opened channels, and that it threatens continuing so to do in future. Other circulating mediums have to be replaced by gold in these cases; it is a one-sided absorption; there is no corresponding reflux to follow, as in the equalization of the customary international balances. If such a reflux from the newly-opened channels of gold circulation back into the old should occur, this would tend to prove a scarcity of gold, because the new competitors in the struggle for gold would have been unable to attain their object. As a criterion of the scarcity of gold, we may look upon a continued advance relatively of the average rate of discount, which results simply from the technical insufficiency of the instrument of circulation, not from any shock to confidence or from the casual relations of commerce and production. The resumption of specie payments in the United States was the first occasion of such a phenomenon. From January 1, 1879, to November 1, 1881, the Union shows an increased importation of gold amounting to \$197,400,000, to which must be added its own production of gold during the same time, or \$104,000,000, that we may regard as all kept at home. This reflux of gold to America was chiefly caused by the condition of the European harvest; but its lasting result is that this gold is retained in America in consequence of a reform of the currency, and that a deficiency is left behind in Europe. The amount of the Government notes of America in 1879 has not been diminished to any great extent and still remains \$346,700,000, but the Treasury and the banks as well must now maintain a much greater stock of gold to guarantee their redemption than formerly. The total of this gold (in the Treasury, National and State banks) amounted Jan. 1, 1879, to only \$158,700,000, but Nov. 1, 1881, to \$295,900,000. With her great stores of precious metal lying idle and considerably re-enforced by silver currency Europe could calmly contemplate this efflux to America. On the 25th of September, 1879, the Bank of England had the immense store of specie of £35.1 millions, with a circulation in notes of only 27.7 millions, consequently a surplus of over seven millions. The total reserve (notes and specie) of the banking department amounted to 22.4 millions, discount stood at two per cent. At the end of the year also the situation was relatively favorable, 27 millions cash on hand, 27.6 mil-

lions of circulating notes, discount three per cent. In the year 1880 the circulation of notes was with slight variations 26—27 millions, the cash stock 26—29 millions, with discount at three and two and one-half per cent. In December, however, the cash went below 25 millions, and the year 1881 began with a stock of 24.3 millions, a circulation in notes of £26,953,000, and a total reserve of 12.3 millions. Discount remained at three per cent., although the reserve amounted to but thirty-six per cent. of the liabilities, against sixty per cent. in September, 1879. There was consequently in January an increase of the rate of discount to  $3\frac{1}{8}\%$ . The situation had improved again in February; in the following months the stock of cash kept in the neighborhood of twenty-seven millions and was generally rather higher than the circulation of notes. Discount fell from three and one-half back to three, and in April to  $2\frac{1}{4}\%$ , and it seemed as if the loss of the gold sent across the ocean had ceased to be felt. But in July there was a renewed demand for gold to be permanently absorbed, to take the place of another circulating medium, the Italian loan being designed to furnish Italy with 400 million francs of gold. However carefully the payments were distributed over a long period, it may confidently be asserted, that this loan has called forth and will continue to call forth distinct symptoms of a scarcity of gold; that is since August, 1881, the rate of discount solely on account of the world's insufficient stock and production of gold stands one-half to one per cent. higher in consequence of that operation, than would have been the case, if America had retained her paper currency, or if the coining of silver were still kept up in the Latin Monetary Union. While in the latter half of 1879 and in 1880 the rate of discount was only two and  $2\frac{1}{8}\%$ , until the end of November and in December it rose to three per cent., in 1881 it went up to three in August, to four in September, to five per cent. at the beginning of October, and there remained the rest of the year. On the 13th of October the stock of cash amounted to 21.1 millions, the circulation of notes to 26.9 millions, and the total reserve to 9.9 millions or 32 per cent. of the obligations.\* At the same time exchange on London stood at 25.42½ in Paris, the premium on gold at six per cent., and the rate of discount of the German Imperial Bank at  $5\frac{1}{8}\%$ . At the beginning of January, 1882, the condition of the Bank of England was rather more unfavorable.

The scarcity of gold, therefore, continued several months, before the Paris crisis of January 19, 1882, occurred, and this was essen-

\* This figure of the reserve, as well as the following, must be diminished by £750,000, in order to be compared with the previous ones. For since April 20, 1881, (in obedience to an Order of Council) the uncovered contingent of notes has been increased by this amount (made £15,750,000) in the bank statements, so much in public funds having been transferred from the banking to the emission department and the former receiving in return the like sum in notes. See *Economist*, April 23, 1881.

tially a consequence of the drain to Italy. That crisis resulted in another distribution of gold between France and England. France sold large lots of international securities in London, and by causing an exportation of two millions sterling forced the Bank of England to raise its rate of interest to six per cent. at the end of January. On the 2d of February its cash amounted to 18.8 millions, and the reserve 9.1 millions. The strong tension of the discount naturally had an effect, on the 23d of February the cash was again at 21.2 millions, the reserve 12.4 millions, and discount five per cent. But when English journals rejoiced at this result, and saw in it a proof that England could at any time get all the gold she wanted, they overlooked the real point of the question. The evil of the scarcity of gold announced itself in the very fact that from a mechanical cause, so to speak, the discount had to be raised so extraordinarily, and that sensible injury was thus inflicted on commerce and industry. And even if England, economically the strongest of States, can always procure gold, that is no very delightful prospect for the other countries with a gold standard; because however much the latter may strive to defend their gold by raising the rates of discount, England is sure to outbid them at last.

In March, the Bank of England put down its rate of interest, first to four, and soon after to three, per cent. So it stood on the 25th of May, while the cash amounted 23.4 millions, the total reserve to 13.3 millions. At the same time the Bank of France had increased its stock of gold, which amounted to but 649 million francs (besides 1151 million francs of silver) on the fifth of January, 1882, to 916 million francs (besides 1156 million francs of silver). This increase has gone on almost without interruption during the last months, though discount was put down to 3½ in March, and though the emission of the second half of the Italian loan (May 3 and 4) called for renewed remittances of gold to Italy. As of late considerable sums of gold have come over from America again, all fear of a want of gold may be done away with in fact. It must, however, always be remembered, that the scarcity of gold is only to be understood in the above-mentioned relative sense. The fact remains still, that in consequence of the Italian loan discount stood higher from August, 1881, to the end of May, 1882, than in the corresponding period of the preceding years, and the new payments, distributed up to the 15th of November, will very likely give the great banks some further inconvenience and cause them to take measures to protect their cash.

The new gold coming from America, Russia, and Australia will continue, as of late, to be claimed principally for Italy; the great European central banks no longer receive their normal new supply, after large amounts have been drawn directly from them in the

immediately preceding years. On the whole, European monetary relations have not improved since the new turn brought about by the American monetary reform. On the 29th of May, 1879, the Bank of England had £8.6 millions more cash than on May 25th, 1882. Its rate of discount was then two per cent. and consols were quoted ninety-nine per cent., while at the latter date discount was one per cent. higher and consols were 102¼, consequently the rate of interest on permanent investments has still more diminished. Upon the whole the English statistics of 1879-1881 shows an increased importation of gold amounting to £12.2 millions, while France in the same period suffered a loss of 380 million francs of gold.\* That in the first third of 1882 both countries have again obtained a surplus importation of gold by particular exertions, counts but for little against former losses, and in the probably near change of the balance to America the optimistic view will scarcely be justified. It is not, however, to be affirmed that the previous signs of a scarcity of gold were important enough to be uneasy about. If there should be no further perturbations, after Italy's demand for gold had been satisfied the pressure would soon cease that has been exercised on the European banking system for a year and a half by the loan, and after the American circulation had once got all the gold it requires a certain equality would gradually be restored in the movement of gold between America and Europe. Further perturbations are however, sure to follow, if the purely gold standard gains the victory in but a single one of the now undecided States. The scarcity of gold is at present in its period of incubation still, or has only manifested its first symptoms.

*To be continued in November number.*

\* It is also to be remarked that the amount of the unsecured notes of the Bank of France had increased again to 600 million francs in June, 1882, while in June, 1879, the stock of specie was somewhat greater than the circulation of notes.

---

**NATIONAL BANK—EQUITIES AS TO MORTGAGE—LIABILITY OF ONE HOLDING STOCK AS SECURITY.**—(1) Where a bank holds a judgment which is a first lien upon real estate, and an arrangement is made between the officers of the bank and the parties to a mortgage subsequently executed upon the same premises, that the mortgage is to be considered a prior lien to the judgment of the bank, but the records continue to show the judgment to be prior and paramount, and the premises are sold under the judgment, and an innocent purchaser for value, without notice, acquired title thereto, *held*, that such purchaser is not subject to the equities existing between the mortgagee and bank; nor subject to any equities in favor of the parties having title under the foreclosure of the mortgage. (2) Where a person is merely in possession of the stock of a National bank, as collateral security for the payment of a debt, and does not participate in the meetings of the stockholders, and is not recognized by the stockholders as a member, he is not such a part of the bank corporation as to be bound by the knowledge of the facts in possession of the officers of such bank. *Baker v. Woolson*, Kansas Sup. Ct., Feb. 27, 1882.

## THE NATIONAL BANKS OF THE UNITED STATES OF AMERICA.

The following valuable paper was read before the Bankers' Institute of London, by Robert W. Barnett. The entire paper will be given to our readers, but we have space for only a part of it in the present number:

The constitution and progress of the National banks of the United States present a most interesting and important subject for our consideration, not only for the rapid and solid progress they have made, but also from the fact that these results have been obtained by a system differing from our own in many points both of principle and practice. One among our most undoubted maxims, and one I am by no means disposed to relinquish is, that in commerce, government assistance and interference are highly undesirable. Yet here we have upwards of two thousand commercial and financial institutions, which owe their inception and establishment entirely to a special statute, and whose mode of doing business is prescribed at almost every point, and checked at every turn, by the law. At the very beginning of their career those conditions that are with us at the discretion of the projectors, are for the National banks already fixed by the State. The minimum amount of capital, and its mode of payment, the number and qualification of the directors, must all be in conformity with the statute. Later on, the conduct of business, the amount of cash reserves, and, to some extent, the allocation of possible profits, are found to have their restrictions and regulations. Without at all ceding our own opinions as to the general principles involved in such provisions as these, the success that has been attained by the banks subject to them requires us to admit, that at least they were well suited to the circumstances under which they were adopted. Accustomed as we are to contemplate with pride the position of our own banking system, we shall yet find in the progress of these National banks something to marvel at. Although the system is very recent, having not yet attained a legal majority, it can already number 2132 banks having a paid-up capital amounting to £92,764,000.\* These banks have so far acquired the confidence of the public as to have in circulation notes for upwards of £64,000,000, and to hold £216,000,000 of deposits. Further, their operations have been so far profitable to themselves, that they have paid dividends upon the large amount of capital already quoted, generally averaging from seven and a half per cent. to ten per cent., besides accumulating reserve funds amounting to upwards of twenty-five millions sterling, and holding also undivided profits amounting to eleven millions more.

The history of these institutions will carry us back only to the time of the War of Secession. In December, 1861, the Secretary of the Treasury, in his annual report, proposed two plans for obtaining the necessary means for carrying on the war. First, to substitute Government demand notes payable in coin for those already

\* The dollar converted at 5=£1.

issued by private corporations. Second, to issue gradually National-bank notes secured by the pledge of United States' bonds, in place of the existing bank notes, authorized by State laws. Already the Government had issued ten millions sterling of Treasury notes, and expectation of the disasters that would probably follow from an almost indefinite extension of these issues led the Secretary urgently to press the adoption of his second plan. Before either scheme had been considered by Congress, the position of public affairs had changed. A general suspension of specie payments took place on December 28th, 1861. The Government, too, found themselves embarked in a war that now promised to be something more than the passing trouble they had anticipated, and which demanded graver efforts than they had yet made. To meet the expenditure involved, two Acts were passed by Congress in February and July, 1862, together authorizing the issue of sixty millions sterling of Treasury notes. In March, 1863, further issues to the extent of thirty millions sterling were authorized. It was felt, however, that so extensive an issue of inconvertible currency was indefensible in principle, and must ultimately be disastrous in its results. It was foreseen that it would afford dangerous facilities for extravagance in the public expenditure, and would probably lead to fraud and corruption. Besides, while supplanting and destroying existing systems of currency, it offered in itself no basis for a permanent system. The enormous issues that were being made were for the immediate and temporary necessities of the Government, and were only borrowing under another name. These necessities were directly owing to the war, and its consequences in the shape of reduced revenues and greatly increased expenditure. As soon as the normal condition of the finances should again prevail, the supply of notes would cease, and when the Government were in a position to repay their debts would gradually diminish. It thus came about that the Secretary's alternative proposition was taken up as a means of escape from the consequences of his first one, and received an additional support from the anticipation of these evils.

The National Banking Bill, which had been prepared in December, 1861, in accordance with the Secretary's recommendations, was again discussed in January, 1863. A banking bill was no novelty in the United States. The currency question had been with them a bone of contention quite as bitter as with ourselves, whilst the powers of the contending parties had been more various, and the results of their experiments much more disastrous than anything we have experienced. As many States as were comprised in the Union; so many banking systems were in operation, so many species of currency in circulation. For more than a hundred years the diverse systems of banking and currency, the various issues, and their fluctuating value, had been the constant cause of loss and annoyance.

Twice they had tried to establish a Bank of the United States. The first lasted from 1791 to 1811, but had given so little satisfaction that on the expiry of its charter its renewal was refused. The second Bank of the United States was constituted in 1816-1817, with a capital of seven millions sterling, of which one-fifth was subscribed by the Government. For political reasons the Government deposits were withdrawn in 1833, and eight years later the bank failed. Though the liabilities were ultimately met, and the Government was repaid the amount it had subscribed, the share-



holders lost the whole of their capital, amounting to nearly six millions sterling.

They had tried various other species of organizations. They had established banks under a so-called "safety fund" system, by which the banks were required to set aside annually a certain percentage to secure their liabilities; but when, by failure, a call was made upon the fund, it sufficed only to pay about three per cent. of the amount required. They had tried in various States a system of "free banking," but with little better success. Most of the States had chartered banks, many of which indeed were sound and reputable institutions, and have survived to the present time in their original form, or under reorganization as National banks; but there were many more that were frauds from their very commencement. In 1853 the Governor of Indiana said in his message: "The speculator comes to Indianapolis with a bundle of bank notes in one hand and the stock in the other; in twenty-four hours he is on his way to some distant point of the Union, to circulate what he denominates a legal currency, authorized by the Legislature of Indiana. He has nominally located his bank in some remote part of the State, difficult of access, where he knows no banking facilities are required, and intends that his notes shall go into the hands of persons who will have no means of demanding their redemption."

The Governor of Michigan, in his message for the same year, said: "At present we are giving charters to the issues of banks about which we actually know nothing, in whose management we have no participation, and are thus literally paying a large tribute for what generally in the end proves to be a great curse."

Governor Lord, of New Jersey, says: "In many cases our banks, although ostensibly located in New Jersey, have their whole business operations conducted by brokers in other States. The facility with which they may be organized and located, without reference to the wants of the community or the business of the place, is destructive to all the legitimate ends of banking."

The consequences of these ill-advised forms of legislation were to be seen in the continuous record of bank failures, in which the only points of relief are the startling events of 1814, of 1837, and of 1857. In these years the banks, now of two or three States, and now of the whole Union, suspended as if by common consent. Between these points there was a constant succession of failures. In 1841, fifty-five banks failed, having an aggregate capital of more than thirteen millions sterling; being one-fifth of the whole banking capital of the Union. In 1854, twenty-seven banks failed in Kentucky. In Ohio, in 1856, it was found that thirty-six of the banks which had been organized had failed, their notes being entirely worthless; while eighteen others were in process of liquidation, their notes being quoted at fifty to seventy-five cents on the dollar. In Indiana, in 1856, of ninety-four "free banks," fifty-one had suspended, and their notes were selling at from twenty-five to seventy-five per cent. discount. "The experience of this country," said the Comptroller of the Currency, in his report of December, 1875, "previous to the organization of the National banking system, has shown that in twenty years an amount equal to its whole banking circulation was lost in the hands of the people; the loss by notes of broken banks alone being computed to have been at the rate of five per cent. per annum." Nor was the circulation of these banks of small amount. According to the published returns, the State-bank notes

in circulation during ten years preceding 1861 ranged from thirty millions sterling to forty-three millions, and averaged thirty-seven millions.

But even when the notes were paid the various species of currency in circulation were productive of great inconvenience and loss. The legal tender of one State was comparatively useless for business remittances to other States. The loss by domestic exchange was consequently very great. It has been estimated that the amount annually drawn on New York and the Eastern States by Western and Southern States is nearly eight hundred millions sterling. In 1859, the average cost of Western and Southern exchange on New York was from one to one and a half per cent. At these rates the yearly cost of domestic exchange for this route alone was not less than twelve millions sterling. The amount of internal transactions between other parts of the Union cannot even be estimated, nor the extent to which they were injured by the losses directly arising out of the variety of currencies existing, but it may safely be assumed that it was very considerable, and we shall readily appreciate the advantages to be derived from a single system of issue redeemable at a central point.

As a Government measure, it was urged, the new system would be of the utmost importance in providing a steady market for the large issues of bonds that would be necessary to carry on the war. To this end, it was probably the best means that could have been devised, as it enlisted the interests of commercial men in almost every town in spreading the circulation, and consequently, in extending investments in the Government bonds.

Notwithstanding the great disadvantages of the existing state of things, and the obvious superiority of the proposed plan, the National Banking Bill excited considerable opposition, and was passed by the narrowest majorities, both in the Senate and in the House of Representatives. It was approved by the President the 25th February, 1863.

Although the system established by this Act was not put into full operation until the close of the war in 1865, it yet owed its origin directly to that war, and we may observe that history has so far repeated itself, that, in the latter half of the nineteenth century, and in the country of new ideas, the latest of banking systems owes its origin to the financial necessities of a Government embarrassed by a state of war. It should add to our appreciation of the merits of the authors of the plan, that, in the midst of a struggle so exhausting, they should have looked beyond the necessities of the moment, and elaborated a system that has been approved by the experience of twenty years; that has contributed not a little to the political consolidation of the country as well as to its commercial expansion.

Before I proceed to the provisions of the law I shall give some particulars of the general progress of the system. The Act of 1863 was superseded by the National Currency Act of 1864, containing similar provisions. During this year some progress was made; on January 4th there were 139 banks, and by the close of the year 638 banks, to which about eleven millions sterling of notes had been issued. In March, 1865, an Act was passed by which a tax of ten per cent. was imposed on any person, or bank, using, or paying out any notes except National-bank notes, or United States notes. This, of course, was entirely prohibitive of all private circulations, and, in consequence, during 1865, a large number of State banks

reorganized under the National Bank Acts. By the close of that year, there were 1582 National banks, with a circulation of nearly forty-three millions sterling. The surplus funds also were very largely increased by the reserves of these banks, many of which were very old institutions. From this time the success of the system was assured, and its progress steady.

The experience of the banks in various points will be dealt with under the several headings, but their general progress will be seen by the following table:

Three ciphers omitted; thus, £ 1,438 = £ 1,438,000.

Date.	No. of Banks.	Capital.	Surplus and Undivided profits.	Deposits.*	Circulation.	Loans and Discounts.	U. S. Bonds held.	Specie and Legal Tenders.
		£	£	£	£	£	£	£
1863—Oct.	5.. 66	1,438	26	1,699	—	1,093	1,133	289
1864	" 3.. 508	17,356	1,598	24,433	9,052	18,648	21,613	8,960
1865	" 2.. 1,513	78,631	14,213	100,182	34,204	97,434	85,546	41,614
1866	" 1.. 1,644	83,094	17,171	112,923	56,051	120,663	85,364	42,995
1867	" 7.. 1,642	84,014	20,089	108,159	58,778	121,935	83,793	34,048
1868	" 5.. 1,643	84,127	22,818	116,188	59,154	131,534	82,933	33,811
1869	" 9.. 1,617	85,280	25,370	102,280	58,719	136,576	76,817	30,513
1870	" 8.. 1,615	86,079	26,534	100,281	58,359	143,185	75,713	28,226
1871	" 2.. 1,767	91,651	28,624	120,173	63,104	166,310	82,063	29,548
1872	" 3.. 1,919	95,926	31,376	122,658	66,699	175,440	81,934	25,850
1873—Sep.	12.. 1,976	98,214	34,966	124,537	67,816	188,844	82,392	26,599
1874—Oct.	2.. 2,004	98,753	36,088	133,813	66,645	190,880	82,252	32,888
1875	" 1.. 2,088	100,666	37,464	132,915	63,670	196,638	79,682	30,601
1876	" 2.. 2,089	99,960	35,729	130,277	58,308	186,261	79,002	30,305
1877	" 1.. 2,080	95,893	33,469	123,280	58,375	178,384	76,361	27,802
1878	" 1.. 2,053	93,229	31,567	124,047	60,377	166,798	88,456	28,868
1879	" 2.. 2,048	90,813	31,217	143,647	62,757	175,700	85,692	31,034
1880	" 1.. 2,090	91,510	33,332	176,707	63,470	208,195	80,280	38,150
1881	" 1.. 2,132	92,764	36,904	214,199	64,040	234,760	83,969	38,341

This table gives the position of the banks at the end of the September quarter in each year, and is compiled from the annual reports of the Comptroller of the Currency. The position now held by the National banks with reference to the whole banking interests of the United States may be roughly described as follows: Whilst being less than one-third of the whole number of banks, they own more than two-thirds of the banking capital and hold about two-fifths of the total deposits of the country; or, leaving out of account the Savings-bank deposits, those held by the National banks are nearly three-fourths of the remainder.

In the course of this paper such constant reference must be made to the Comptroller, that it will be desirable that I should say a word or two respecting that official. The title is not happily chosen, as his most important functions, and those most constantly exercised, have reference more to the general business and accounts of the National banks than to their circulation; whilst that circulation is not the whole, nor even the greater part of the currency of the United States. By early sections of the *Revised Statutes*,†

\* The amounts quoted in this column are those given in the reports as "Individual deposits," and do not include the deposits of the Government or of its officers, which together amounted on first October, 1881, to about two and a half millions sterling; nor the amounts due to National banks and State banks, which at the same date amounted to about fifty-nine millions.

† In June, 1874, the consolidation and revision of all Acts passed up to and including the first December, 1873, were ordered by Congress, and the result is known as *The Revised Statutes of the United States*. The figures in brackets occurring in the course of this paper, refer to the various sections of those *Revised Statutes*.

the Bureau of the Comptroller is constituted, and his position and duties defined. The appointment is in the hands of the President, on the recommendation of the Secretary of the Treasury, and the office is tenable for a term of five years, with a salary fixed at \$1000 per annum. The powers confided to the discretion of the Comptroller are so great that one cannot avoid remarking that the remuneration fixed by Congress appears hardly commensurate with the position, especially as so many of the presidents and managers of the institutions under his control must be in receipt of considerably larger salaries. The principle of temporary tenure too seems especially inappropriate to this office, for it would be difficult to name a position in which experience is of greater value and importance. The Comptroller of the Currency is expected not only to maintain a constant and vigilant supervision over the whole of this great system, but must be ever ready to take prompt action either to insure compliance with the provisions of the law, or to enforce the penalties for their neglect. Moreover, it is for him to point out to Congress, in his annual report, such defects in the law as he may observe in its working, and to suggest such new or remedial legislation as may be desirable.

In order to insure compliance with the provisions of the law, a most complete system of control over the accounts of the banks has been established. Every bank is required to make not less than five regular reports in each year, for any days, and in any form that may be prescribed by the Comptroller. These reports are always called for by him as at the close of business on some *past* day, and thus any preparation for them is rendered impossible; especially as the periods are always varied. For the past three years the dates have been:

1879	..	Jan. 1	..	April 4	..	June 14	..	Oct. 2	..	Dec. 12
1880	..	Feb. 21	..	April 23	..	June 11	..	Oct. 1	..	Dec. 31
1881	..	Mar. 11	..	May 6	..	June 30	..	Oct. 1		

Of late years, with a view to the annual reports made to Congress on 1st December, the October bank report has always been made on the first working day of that month, but the other days are impossible to be foreseen. The accounts of every bank are also periodically examined by "bank examiners," appointed by the Comptroller, and invested with ample powers to examine into every detail of the affairs. The Comptroller also has power to call for special reports from, or order special examination of, any association at any time that he may deem it necessary to do so. It is worthy of note, at the present time, that all the reports and declarations required by these Acts are to be attested by oath; and, in order to afford an opportunity for the contradiction of any false statement, it is made a special point that these reports shall be published in a local newspaper. From all these sources the Comptroller has ample opportunity not only to ascertain the condition of every bank organized under the Acts, but also to tabulate the returns so as to be most useful for comparison. As a result, his annual reports contain most minute details of the working of the Acts, and are accompanied by numerous tables, in which the accounts of the banks are presented in a variety of ways, and their progress contrasted with that of former years, or the experience of banks in one part of the Union with those in other parts. It would be an easy matter to give you these tables, but I think that most of them would be found to have chiefly a local value. I have therefore selected figures

illustrating the position and progress of the system generally, and have recast them into a few new tables.

The reports, too, contain the balance-sheets of all the National banks in existence. The efforts that have been made in this country to secure the publication of uniform returns will cause some interest to be attached to their arrangements, and I give below the balance-sheet that has been adopted:

## OCTOBER 1ST, 1881.

<i>Resources.</i>		<i>Liabilities.</i>	
Loans and discounts....	\$ 1,173,796,083 09	Capital stock.....	\$ 463,821,985 00
Bond for circulation....	363,335,500 00	Surplus fund.....	128,140,617 75
Bonds for deposits.....	15,540,000 00	Undivided profits.....	56,372,190 92
U. S. bonds on hand.....	40,972,450 00	National - bank circula-	
Other stocks and bonds..	61,896,702 95	tion.....	320,200,069 00
Due from reserve agents..	132,968,183 12	State-bank circulation...	244,399 00
Due from Nat'l banks ..	78,505,446 17	Dividends unpaid.....	3,836,445 84
Due from State banks....	19,306,826 62	Individual deposits.....	1,070,997,531 71
Real estate, &c.....	47,329,111 16	U. S. deposits.....	8,476,689 74
Current expenses.....	6,731,936 48	Deposits U. S. Disburs-	
Premiums paid.....	4,138,585 71	ing Officers.....	3,631,803 41
Cash items.....	14,831,879 30	Due to National banks..	205,862,945 80
Clearing - House Ex-		Due to State banks.....	89,047,471 00
changes.....	189,222,255 95	Notes rediscounted.....	3,091,165 30
Bills of other banks....	17,732,712 00	Bills payable.....	4,664,077 12
Fractional currency.....	373,945 96		
Specie.....	114,334,736 12		
Legal-tender notes.....	53,158,441 00		
U. S. certificates of de-			
posits.....	6,740,000 00		
Due from U. S. Treas-			
urer.....	17,472,595 96		
Total.....	\$ 2,358,387,391 59	Total.....	\$ 2,358,387,391 59

The principle of government audit is one that does not find much favor here, and the fact that the officials of two National banks which failed during 1881, had contrived to evade the vigilance of the examiners has been commented on. It must be admitted that in one case the defaulter used an artifice of extraordinary boldness to prevent discovery, and was remarkably favored by chance. Still, this is what always occurs in one shape or another, and the great defect of government audit is that it leads people to rely upon it, instead of using their own judgment as to the conduct of an institution. This has been experienced in the case of the National banks, and the Comptroller has frequently to reply to such complaints. We must remember, however, that in the United States they have had to deal with a population that we might almost term migratory, and, therefore, it is most probable that if the audit had depended on the vigilance of the shareholders it would have been altogether insufficient. No doubt can be entertained that the very stringent regulations of the Acts have prevented very many irregularities.

**RAILROAD BUILDING IN THE SOUTH.**—In railroad building and railroad business last year was unprecedented in the Southern States. About 1500 miles of road were put in operation, which is nearly 1000 more than were built during the preceding year. The gross earnings of Southern railroads last year reached \$63,000,000. In 1880 they amounted to \$48,000,000, and in 1879 to \$43,000,000. The net earnings increased from \$14,000,000 in 1879 to \$18,000,000 in 1880, and more than \$24,000,000 in 1881.

## AMERICA FROM 1800 TO 1880.

At the opening of the century the Old World was dark with war, industrial depression and famine, while the New World seemed full of promise, and awakened hope and joy in a large army with strong hands and hopeful hearts anxious to leave overcrowded Europe. The population of the civilized countries of the world has doubled since the beginning of the present century, the United Kingdom and colonies having in 1801, 17,000,000, whereas to-day they have 43,000,000. The European Continent then had 170,000,000; to-day it has 275,000,000; and the United States, then with a population of 5,000,000, to-day has upwards of 50,000,000. Thus have these nations increased from 192,000,000 to 368,000,000. The population of Great Britain and the United States combined has risen from 22,000,000 to 93,000,000, an increase of 323 per cent., while the population of the European Continent rose only 63 per cent. During the last sixty years no less than 16,000,000 of people have left the Old World for homes in America and the British colonies, of whom nearly 11,000,000 have landed on the shores of the United States. This migration, combined with the opening up of new countries, the great changes brought about by the application of steam, the extension of railroads, the improvements of ocean navigation, the connection of continents by telegraph, and the spread of knowledge in schools and by the daily press, has made the present the most progressive of all centuries to the Anglo-Saxon race. People are better fed and better clothed, and, with the advance of science and the extension of knowledge, opportunities on all sides increase.

In the food supply of the world there has been notable progress within less than half a century, not only by reason of the introduction of railroads and steamers, but also by the removal of arbitrary laws against grain. Forty years ago the peasants of Castile and Leon saw their wheat rotting in the subterranean *silos* provided by the Government because it was forbidden to export it. Forty years ago Great Britain paid famine prices for bread sooner than repeal the Corn Laws; while the moujiks of the Don had such abundant crops that wheat was too cheap to pay the cost of freight to the nearest port. Forty years ago, owing to the want of roads, the price of grain in western Russia was double that which ruled in the eastern part of the kingdom. Before the epoch of railroads and the repeal of the Corn Laws the price of wheat ruled 150 per cent. higher in England than in Hungary. In the subsequent epoch the difference was only 23 per cent. The English and the Americans are the best fed people of the present age, and therefore they are able to accomplish the greatest amount of work. According to Vauban, Bossuet, and Lagrange (three names illustrious in war, religion, and science respectively), "that country must be considered the most prosperous in which the inhabitants are able to have the largest ratio of meat for their food." The United States, it is said, consumes 120 lb. of meat per inhabitant; the United Kingdom, 110 lbs.; France, 66 lbs.; Switzerland, 51 lbs.; Germany, 48 lbs.; Scandinavia, 45 lbs.; Russia, 44 lbs.; the Low Countries, 40 lbs.; Austria, 39 lbs.; Spain, 29 lbs.; Italy, 28 lbs.;

Portugal, 20 lbs. The United Kingdom, the United States, and Russia consume each eight bushels of grain per inhabitant; France and Germany, each seven bushels; Austria, the Low Countries, and Spain, each six bushels; Italy, Switzerland, Scandinavia, and Portugal, each five bushels. The world consumes 38,500,000 tons of wheat yearly, and the wheat lands of the world make up 105,000,000 acres. The supply and the demand are shown as follows:

## WHEAT.

<i>Countries.</i>	<i>Crop. Bushels.</i>	<i>Consump- tion. Bushels.</i>	<i>Surplus. Bushels.</i>	<i>Deficit. Bushels.</i>
United States....	450,000,000	300,000,000	150,000,000	—
France.....	230,000,000	261,000,000	—	30,000,000
Russia.....	160,000,000	80,000,000	80,000,000	—
Germany.....	150,000,000	170,000,000	—	20,000,000
Italy.....	140,000,000	145,000,000	—	5,000,000
Turkey.....	90,000,000	80,000,000	10,000,000	—
United Kingdom.	90,000,000	200,000,000	—	110,000,000
Austria.....	90,000,000	76,000,000	14,000,000	—
Spain & Portugal	85,000,000	85,000,000	—	—
Canada.....	40,000,000	30,000,000	10,000,000	—
Australia.....	30,000,000	15,000,000	15,000,000	—
Chili.....	15,000,000	10,000,000	5,000,000	—
Other countries..	20,000,000	139,000,000	—	119,000,000
Totals.....	1,590,000,000	1,590,000,000	284,000,000	284,000,000

The wheat fields have been extending prodigiously in the last twenty years. Mr. Mulhall says:

"Down to 1859 the United States used at intervals import wheat from Europe; whereas it produces at present one-fourth of the world's crop. Previous to 1865 Australia was fed with Chilian flour; but, since 1854, some of the Australian colonies have annually exported twenty bushels of grain per inhabitant. Facilities for transportation have so far improved that wheat grown on the Mississippi or in New Zealand is sold as cheap in Europe as that raised on the Don or Danube."

During the last century the average consumption of meat in Europe was only 25 lbs. per head yearly, or less than half what it is at the present. As Europe is no longer able to raise enough cattle for her proportion an extra supply is drawn from North America, which is consumed chiefly in Great Britain. The shipments of cattle and meat from the United States in 1880 exceeded a value of \$25,000,000. The three great pasture farms destined to feed Europe with meat are the United States, the River Platte, in South America, and Australia. These countries, it is said, could easily export 10,000,000 cows and 60,000,000 sheep annually without reducing the number of their stock. Mr. Mulhall estimates that 120,000 vessels, manned by half a million of fishermen, are engaged in the fisheries in Europe. According to the recent report of Professor Goode on the fisheries of the United States, from 800,000 to 1,000,000 persons are engaged in fisheries in this country; but he includes in this estimate those who are indirectly connected with the industry and the families of fishermen who are dependent upon them for support.

Wine is the other great requirement for the food of mankind, and the area under vineyards is increasing every year. More than 20,000,000 acres in Europe are under grapes. France in the early part of the present century produced 800,000,000 gallons yearly, but in later years the vintage has averaged 1,200,000,000, representing a value of \$240,000,000, ninety-four per cent. having been kept for home con-

sumption, and only six per cent. exported. The new vine-growing countries of the world are the United States, Australia and South Africa. The following table shows the number of acres under cultivation, gallons produced, and yield in gallons per acre:

<i>Countries.</i>	<i>Acres under Vines.</i>	<i>Gallons.</i>	<i>Gallons per Acre.</i>
United States.....	130,000 .	20,800,000 .	160
Australia.....	15,000 .	1,800,000 .	120
South Africa.....	18,000 .	4,500,000 .	250

Spirits are largely consumed in countries where the supply of wine is deficient, and it is claimed that the consumption of this kind of liquor is increasing faster than the population. In 1869, the United States produced 196,603,705 gallons of fermented liquors; last year no less than 413,760,410 gallons were produced, and only 1,000,000 gallons imported, the total consumption exceeding 414,000,000 gallons.

The following table shows the number of acres under cultivation in each country, the quantity of grain raised, the average yield per acre, and the yield *per capita*:

<i>Countries.</i>	<i>Acres under Grain.</i>	<i>Bushels.</i>	<i>Per Acre.</i>	<i>Per Male Peasant.</i>
United States.....	118,000,000 .	2,698,000,000 .	23 .	503
Russia.....	158,000,000 .	1,585,000,000 .	10 .	156
Germany.....	43,000,000 .	990,000,000 .	23 .	245
France.....	40,000,000 .	840,000,000 .	21 .	220
Austro-Hungary.....	35,000,000 .	520,000,000 .	15 .	180
United Kingdom.....	12,500,000 .	455,000,000 .	36 .	540
Spain.....	15,000,000 .	300,000,000 .	20 .	160
Italy.....	18,000,000 .	270,000,000 .	15 .	140
Canada and Australia....	14,000,000 .	140,000,000 .	10 .	350

Diagrams are given showing the total cereal product of the United States as compared with some of the principal countries of the world. It is fair to estimate that its annual income from agricultural industries is not far short of \$3,000,000,000, that of France is about \$1,900,000,000; of Russia, \$1,850,000,000; of Germany, \$1,700,000,000; of the United Kingdom, \$1,325,000,000; of Austro-Hungary, \$1,315,000,000; of Italy, \$710,000,000; of Spain and Portugal, \$650,000,000; of Scandinavia, \$390,000,000; and of the Low Countries, \$375,000,000; total, \$13,215,000,000. The total area of forest wealth of the United States, Russia, Germany, Austria, Canada, Scandinavia, France, Brazil, and El Gran Chaco is 2,760,000 acres, the total annual product from which is \$780,000,000, of which the United States produces over fifty per cent., or \$380,000,000. M. Michel Chevalier estimates that at the period of the discovery of America the total amount of gold in Europe was only \$60,000,000, and of silver \$140,000,000. A new epoch occurred with the discovery of gold in California and Australia. The progress of this form of wealth is summarized as follows:

<i>Date.</i>	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
1492.....	\$100,000,000 ..	\$200,000,000 ..	\$300,000,000
1700.....	1,135,000,000 ..	2,600,000,000 ..	3,735,000,000
1800.....	2,120,000,000 ..	5,130,000,000 ..	7,330,000,000
1848.....	2,800,000,000 ..	6,610,000,000 ..	9,410,000,000
1880.....	6,100,000,000 ..	8,060,000,000 ..	14,160,000,000

The United States stands first of all countries in the yield of precious metals and in the product of its manufactures. By a strange coincidence, the annual yield in California and that of Australia have averaged the same amount—namely \$45,000,000; and in each case the highest year reached \$75,000,000, the number of



diggers being also nearly equal, and their gains averaging from \$500 to \$750 per man per annum. These are the changes of eighty years.

Tables are given showing that now the industries of the United States are greater than those of any other country in the world. The following table shows this:

TABLE SHOWING THE COMMERCE, INDUSTRIES, AND BANKING OF THE PRINCIPAL COUNTRIES OF THE WORLD.

Six ciphers omitted; thus \$1,505 = \$1,505,000,000.

Countries.	Com- merce.	Manu- factures.	Mining.	Agricul- ture.	Carrying Trade.	Banking.	Totals.
	\$	\$	\$	\$	\$	\$	\$
United States.....	1,505	4,440	360	3,000	830	260	10,395
Great Britain.....	3,460	3,790	325	1,200	805	540	10,139
France.....	1,660	2,425	60	2,000	310	170	6,625
Germany.....	1,920	2,135	105	1,700	345	140	6,345
Russia.....	955	1,145	55	1,850	220	75	4,300
Austria.....	700	1,030	35	1,315	120	85	3,885
Italy.....	480	575	10	725	75	30	1,895
Spain.....	190	440	35	545	60	15	1,285
Belgium.....	515	425	40	175	40	15	1,210
Holland.....	550	210	—	230	25	70	1,085
Australia.....	445	65	30	260	15	50	865
Canada.....	175	230	—	300	45	20	770
Sweden and Norway	180	200	10	260	75	15	740
Denmark.....	95	90	—	135	10	5	335
Portugal.....	65	55	—	125	5	5	255
Turkey, etc.....	315	340	—	235	30	15	935
South Africa.....	85	15	20	35	—	—	155
South America.....	450	110	40	400	30	25	1,055
The World.....	13,745	17,720	1,135	14,490	3,040	1,515	51,665

The march of civilization has been, in the present century, to some degree identified with the progress of manufactures. The industries that now occupy 12,500,000 workmen in Europe were in their infancy at the period of Waterloo, and since that time the countries most advanced in manufactures have been the most prosperous. The United States, if the manufacture of flour is included, stands first of all countries in the world. The annual product is nearly  $4\frac{1}{2}$  billion dollars, and it is not improbable that nearly 3,000,000 operatives are employed in its various industries. The product per operative, owing to the greater intelligence and skill of American artisans, is higher in the United States—namely, \$1,560 for each; in the United Kingdom, \$1,120; in France, \$1,100; in Germany, \$515; in Russia, \$530; in Austria, \$600; in the Low Countries, \$500; in Spain and Portugal, \$595; in Italy, \$540; in Scandinavia, \$450; in the Colonies, \$500 for each. The textile manufacturers employ 3,500,000 workmen. England, of course, stands first in this regard; but the United States holds the second position, and, as estimated, produced in 1880 a combined product of cotton and woolen goods valued at \$420,000,000, the total product for the world being \$2,435,000,000. The United States manufactures about one-sixth of the entire textile product of the world. More than two-thirds of the world's cotton crop is grown in the United States; the product, according to the census of 1880, being 5,730,968 bales. The world's product of silk is estimated at \$400,000,000, and something over 500,000 operatives are employed in this industry. France leads with 170,000 operatives and a product of \$240,000,000. According to the report of Special Census Agent Wyckoff, 34,440 persons are employed in the United States in the

manufacture of silk, and the total value of the product is \$34,410,463, thus producing about eight per cent. of the total production of the world. In 1850 the iron-producing countries of the world manufactured about 4,360,000 tons of iron, of which but little over 500,000 tons were produced by the United States. The construction of railways and the building of iron vessels have caused the production of iron to quadruple within thirty years, and to-day these countries produce upwards of 18,000,000 tons, 7,265,140 tons of which are produced in the United States. In 1880 the United States produced 741,475 tons of Bessemer steel rails, while the total product of the United Kingdom was only 732,910 tons. The United States to-day makes one-fourth of the world's iron and one-fifth of its steel. The total production of the iron and steel works of the United States in the census year 1880 was 7,265,140 tons; in 1870 it was 3,655,215 tons; increase, 3,609,925 tons, or 98.76 per cent.—*London Times*.

---

### THE SHIPMENT OF GOLD ABROAD.

Within a few months a large amount of gold has been shipped abroad, and our readers may be interested in learning how the precious metal is transferred to other countries. It has been drawn, not from the Treasury, but from the Bank of America in New York, which is the gold depository of the associated banks existing in the city. This does not mean as the *New York Times* says, from which source most of the facts in the present article are drawn, that the shipments are for the account of the bank itself. They are not. At a first glance persons might suppose that when the demand arises for gold to send abroad the shipper would have only to send in his order for his hundreds of thousands to the Sub-Treasury, where millions of specie are on deposit. But there are sufficient reasons why this plan will not work. The Sub-Treasury can pay out its coin only to creditors of the Government, and a Wall-Street man cannot become a creditor of the Government simply on his own option. He cannot present a check upon his banking house and secure its acceptance by Assistant-Treasurer Acton. The laws interpose. The Sub-Treasury can pay out gold only to such an amount as offsets its debits. These frequently are comparatively unimportant. For instance, a couple of days ago the debits aggregated only \$100,000, and this was to be distributed among a large number of creditors. But while they can place no dependence upon support from this quarter, the associated banks of the city have a means of their own contrivance for providing the needed gold. They have constituted the bank of America a sort of trust company for their advantage. And with the Bank of America the associated banks keep on deposit constantly an enormous sum in gold. During the past year this sum has ranged from \$35,000,000 to \$46,000,000, never falling below the first-named amount. To the members of the Bank Association the Bank of America issues its own certificates against these deposits, redeemable on demand. So, when there is an occasion for making a large gold shipment, the person desiring to forward it secures from his own bank these certificates for the amount required, and, presenting himself at the Bank of America, soon has the privilege of looking down

upon the gleaming wealth as it lies piled at his disposal in the rear office of that bank—there, under his direction, to be bagged and kegged and made ready for shipment. It is not always the case that the packing for shipment is done on the premises of the Bank of America. One or two of the biggest houses in the Street have "cooper shops" of their own, and make their consignments secure under their own roofs, but the rule is otherwise. Kegs in which gold is packed—"specie kegs," as they are called—are made of extra hard woods. They must have an extra iron hoop, and their workmanship must be above the ordinary.

Specie is not thrown loosely into a keg, nor, upon the other hand, is it carefully wrapped in tissue paper and piled up one coin upon another. The keg serves only as a protection for canvas bags, into which the gold is placed in the ordinary hit-and-miss fashion of pennies in a Jersey farmer's wallet. The canvas of these bags is especially stout and the ends are sewed particularly strong. Into each bag go \$5000, and ten bags fill a keg. So that each keg which rolls out from the rear of the Bank of America is worth the round sum of \$50,000 plus the cost of the cask itself and the value of a yard or two of rough canvas. In the interests of security each keg is treated to what is technically known among the shippers as the "red-taping" process. At each end of the keg, in the projecting rims of the staves above the head, are bored four holes at equi-distant intervals. A piece of red tape is run through these holes, crossing on the head of the keg, and the ends finally meet in the center. At the point of meeting, the tape is sealed to the keg's head by hard wax bearing the stamp of the shipper. Any meddling with the keg must break the tape or wax, and so on the trip across the ocean it is an easy matter to watch the valuable consignment and detect any attempt to interfere with it.

Gold crosses the ocean very much as does every other kind of freight. Years ago there were some shippers who detailed an employee with every consignment to act as a sort of detective and hold a watch as best he could over their kegs. No such care is ever taken now. As a rule, the gold shipped is insured. Safely watched until on ship-board, the precious freight is then under the control of the vessel authorities and the marine insurance companies, and upon these parties is all responsibility placed. The average rate of insurance is about £350—something over \$1700—upon a shipment of \$1,000,000. There are shippers who do not insure, or rather they insure themselves. One prominent house in Wall Street, which sent some \$30,000,000 abroad last year, paid no tax to any insurance company. The saving thus effected amounted to about \$50,000. In maintaining this policy of no insurance, these shippers say that their savings on this account since they have been in business have been such as would enable them to lose outright a shipment of \$1,000,000 or more and still have a balance to their credit in the fund which they have set aside in their own house instead of paying it out for insurance. Carefully choosing the steamers upon which to place consignments, they discount all probability of disaster. As a rule, however, the shipper who does not insure divides up his consignments. Having to ship \$1,000,000, he will give it in equal parts to four or five different vessels. It is a strict rule with some Wall-Street firms never to trust more than \$250,000 at a time on any one ship.

One of the singular circumstances connected with the shipping of gold is that for the last twenty years or more every keg which has

been taken out of Wall Street has been handed down to the vessels by one man, "honest old John Barkley," who is said to have grown rich in the business. For each keg he takes on board his truck he is paid \$1, and the big, heavy one which he has built for the special purpose will carry \$2,000,000, or forty kegs. A similar monopoly is held by cooper Spier, who furnishes all the kegs and packs them, getting \$2 for each one completed.

In shipping specie there are many matters of detail which the experienced man knows to be of prime importance, but which to a person unacquainted with the business seem valueless. For instance, in making ready a shipment of \$1,000,000 to Europe the ordinary individual would be quite as willing to bag five-dollar pieces as double eagles. Not so the shipper who has his eye upon the main chance. He demands the double eagles every time. Chief among the reasons for this choice is the fact that specie shipped in any quantity for any considerable distance always loses in weight, and consequently in value, through abrasion. While a five-thousand-dollar bag made up of five-dollar coins would contain 1,000 pieces, the same sum in double eagles would take only 250 pieces. In the latter instance there is not much if any more than one-fourth of the chance for abrasion which exists in the former. Eight five-dollar pieces show a far greater surface and have much sharper coinage lines than do two double eagles, and the loss by abrasion on a long, rough ocean voyage, must, of course, be considerably greater with the coins of lesser value. The uninitiated would be apt to smile incredulously when told that there is a loss—and one of consequence—by this abrasion of coins. Circumstances, varying on different voyages, of course, produce variance in the extent of the abrasion.

"On an average," said a prominent shipper yesterday, "a million of dollars sent across to London will lose—will lose—well—a few dollars." Pressed to estimate more definitely, the shipper said, "A few dollars. Oh, that's definite enough." What the Wall-Street man considered "a few dollars" was shown by reference to the account books of one of the heaviest houses in the Street. Taking shipments of \$1,000,000 recently made, one was found to have fallen short in the voyage a fraction more than nine ounces, another a fraction more than eighteen ounces, another a fraction more than nineteen ounces, while in the shipment of \$750,000 there was a loss of a fraction more than twenty ounces. The average loss can safely be estimated at sixteen ounces on a million-dollar shipment. Gold being worth \$16 an ounce sends the "few dollars" up to about \$250. Any movement will have a similar effect. In Great Britain it is declared that a shipment from the Bank of Edinburgh down to the Bank of England will cause the loss of an appreciable percentage, and a Government officer said yesterday that a bag of coin cannot be carried down Wall Street a single block from the Sub-Treasury to the Custom House without an abrasion which is discoverable.

The only protection to be found against abrasion lies in the shipment of gold in bars instead of in coin. Until quite recently, however gold bars have not been readily obtainable. To secure them the shipper has been obliged to pay a premium, and generally so high was that premium placed by the bullion brokers commanding the situation that the possible loss by abrasion would not by any means balance it. But not long ago a change came over this condition of affairs, and a law has been passed recently by Congress allowing the Sub-Treasury here to pass out fine gold bars from its vaults in exchange for National coin. This is to the Government's



advantage in that heretofore specie has been obtainable without any charge for the one-fourth of one per cent. coinage cost. The issuance of the bars, moreover, will tend to keep United States coin at home. This new law went into effect June 1, and its appreciation in Wall Street is shown by the fact that \$1,800,000 in the bars has been bought within the past fortnight. Another \$5,000,000 has been molded and is in the vaults of the Assay Office ready for delivery. The bars or "bricks" of gold average a value of \$4500. Carefully assayed by the Government, they are stamped with their weight, quality, and value. The bars are packed in specie kegs, but the canvas bags are not used, sawdust being substituted, a further preventative of abrasion.

It is popularly supposed that all gold received from this side of the ocean by the Bank of England is re-assayed there before acceptance. This is probably strictly true of gold shipped in bars, and also, perhaps, of coin which shows much wear or loss by abrasion. The Bank of England managers have tried to convince the world that they assay every ounce of gold received. But the President of a prominent Wall-Street bank yesterday characterized this assumption as one of the "pretty humbugs" which fill the atmosphere, breathed out from behind the counters of the Bank of England. "I always placed some faith in this statement of a re-assay of all gold taken in by the Bank of England," added he, "until a year or so ago, when there was a sudden influx of gold into the United States from England. Fully two-thirds of that gold came here in the shape of United States coin, and this, too, in face of the fact that we had shipped no such quantity of coin to England in a long time. This coin came from the vaults of the Bank of England, where it evidently had been treasured, and not melted and assayed as the directors of that big institution would feign convince us poor Yankees. Yes, indeed, there's a vast deal of humbug about the Bank of England's pretensions in matters such as these."

Shippers of gold to Europe frequently find it much more favorable to their interests to sell to bullion brokers than to deal with the Bank of England. London bullion brokers very often are willing to pay as much as an eighth of a penny or even a farthing per ounce above the bank's rate. Under such circumstances the average New Yorker does not deal with the bank. Ask in Wall Street at what rate it pays to ship gold, and in nine cases out of ten the answer will be "four-ninety." Some time ago \$4.90½ to the pound sterling was considered the safe shipping point; but gold has increased in value on the other side, and can be sold there now for 76s. 3¼d. per ounce, an advance of from ½d. to ¾d. Practical operations have shown that a shipment can be made at \$4.89½—equivalent to buying here a three-days' sight bill for that amount.

---

WEALTH OF THE UNITED STATES.—Mr. Mullhall places the value of property in the United States at a round \$50,000,000,000, which is considerably in excess of the two next richest countries in the world—England and France. The wealth of England is placed at \$44,100,000,000, and that of France at \$37,200,000,000, so that the United States are almost \$6,000,000,000 worth richer than the former and nearly \$13,000,000,000 worth than the latter. In proportion to population England is the wealthiest country of the three, however, the average for every inhabitant there being about \$1,300, whereas in the United States it is but \$1,000.

## GOLD MINING IN SIBERIA.

Siberia, which is thirty times the size of Great Britain, has only 3,000,000 inhabitants. The number of exiles sent thither by the "humanity" of the Russian Government is said to reach 12,000 a year. Siberia is known to be rich in silver, copper, lead, and iron, which are chiefly produced from the Altai and Nortschinsk mountains. The provisions required by the work-people have to be brought to them from immense distances. The supplies of gold are found in the territories drained by the upper Jenisei and its tributaries, the Superior and Middle Tunguska. After a most wearying journey, this is the description given by Dr. Hartwig in his most interesting description of the Arctic Regions, of which a sixpenny edition has just been published by Messrs. Longmans, Green & Co., of Paternoster Row. "Suddenly the sound of the axe or the creaking of the waterwheel is heard, the forest opens, a long row of huts extends along a rivulet, and hundreds of workmen are seen moving about as industrious as a hive of bees. What is the cause of all this activity—this sudden change from a death-like quiet to a feverish life? 'Gold and gold, and nothing but gold'—for the sands of these swampy grounds are mixed, like those of the Pactolus, with particles of the precious metal, and their fortunate possessors would not exchange them for the most fertile vineyards." Gold seems first to have been discovered early in the present century by a hunter, and in 1830 an exploring party, sent out by a merchant named Jakin Resanow, discovered a rich deposit of auriferous sand near the banks of the Great Birussa; and in 1839-40, similar deposits were found along several of the tributaries of the Upper Tunguska, and still further to the north, on the Oktolyk, a rivulet that flows into the pit. The expenses of a searching party amount, on an average, to 3000 silver roubles (£600), and as very often no gold whatever is found, these hazardous explorations not seldom put both the purse and the perseverance of their undertakers to a severe trial. Thus Nikita Maesnikow had spent no less than 260,000 silver roubles (£52,000) in fruitless researches, when he at length discovered the rich gold field on the Peskin. At this place was a mine, the Pasky, which between 1840 and 1845, yielded £640,000 worth of gold.

The difficulties of mining in Siberia are enormous, and men must possess the iron constitutions of the Siberians to undergo them. The miners are constantly in wet clothes; they are near no hospitable region, and if overtaken by the winter their sufferings are intense. Leases are granted to individuals over 600 feet, at a tax which varies according to the production of gold at the time. Thus, if the production is large and the excitement great, the tax is heavy. When, however, mining is under a cloud, the Government moderate their demands. Most of the employees are exiles, and to get labor, agents of the master gold diggers are sent about to beat up for recruits, whom they obtain by promises more or less true. Once launched upon this industry in the dreadful regions in which they find themselves, the gold diggers are the masters of the situation. The greatest discipline is needed to preserve order, for the men are rough, ignorant, and superstitious. Hofman relates an in-

stance of a plot singularly nipped in the bud. In one of the gold diggings on the Noiba, the workmen, at the instigation of an under overseer, had refused to perform a task assigned to them. It was to be feared that the spirit of insubordination would gain ground, and extend over all the neighboring diggings. The director, consequently, sent at once for military assistance. This, however, proved to be unnecessary, for when the Cossacks arrived at the Noiba, a thunderstorm arose, and at the very moment they came riding up to the digging, a flash of lightning killed the ringleader in the midst of the mutineers. As soon as the men recovered from the first shock of their surprise and terror, they all exclaimed, "This is the judgment of God!" and without any further hesitation at once returned to their duty. The wages are 12s. a month, with all rations found. The sale of spirituous liquor is forbidden, for its use would render it impossible to maintain order; and, according to law, no gin shop is allowed to be open within sixty versts of a digging. The men are allowed a percentage on the gold they obtain, and sometimes their success is remarkable. A Cossack gained 300 roubles for his share of the gold that was washed out of forty-nine wheelbarrows of sand; but however much they gain, the men on their return home, waste their earnings in drinking and gambling, and are obliged, for the sake of an immediate advance, to handicap themselves for the next season, and thus doom themselves year after year to lives of perpetual hardship and misery.—*London Mining World*.

---

## GIFT OF SAVINGS-BANK DEPOSIT.

MAINE SUPREME JUDICIAL COURT, DECEMBER 15, 1881.

*Northrop v. Hale.*

Where A deposited in a savings bank money in the name of B, but without her knowledge, "sub. to A" in the books of the bank, and on the bank pass book, received the dividends and such portion of the principal as she required for her own use, and held the pass book always in her possession till her death, *held*, that there was not a gift *inter vivos*. That there was no trust in favor of B. That if there was a trust B was trustee for the depositor, and could not claim or hold the deposit in her own right.

On bill and agreed statement of facts. The opinion states the case.

APPLETON, C. J.:

On the tenth of June, eighteen hundred and seventy-four, Eliza M. Robinson deposited in the Portland Savings Bank two thousand dollars, taking a bank book headed as follows:

"No. 20,607. Portland Savings Bank in account with Mary Eliza Northrop," and above this name was written "Sub. to E. M. Robinson." On the first page below the heading is the following:

<i>Dolls.</i>	<i>Cts.</i>
"1874. June 10. To dep. (two thousand)	2000 00."

The account was entered on the books of the bank in the same manner as on the bank or pass book. Mrs. Robinson was childless and the complainant is a daughter of her nephew. The bank book she retained during her life-time, and it was in her posses-

sion at the time of her death January 9, 1879. She drew the dividends as they accrued, and twenty-five dollars of the principal, and used the sums so drawn entirely for her own use. It does not appear that the complainant ever knew of the fact of the deposit as made.

Here was no gift *inter vivos*. "To constitute a donation *inter vivos*, there must be a gift absolute and irrevocable," observes Shepley, C. J., in *Dole v. Lincoln*, 31 Maine, 428, "without any reference to its taking effect at some future period. The donor must deliver the property and part with all present and future dominion over it." Here the bank book remained in the possession of Mrs. Robinson. The funds deposited ever remained subject to her control. She drew money as she needed it. Nobody else could draw the funds. There never was a moment of time from the day of the deposit to that of the death of the depositor when this complainant had any title to the money deposited or any right to control its disposition. By the very terms of the deposit, as entered on the books of the bank and in the pass book, it was "sub. (subject) to Mrs. E. M. Robinson," and her conduct and that of the bank was in entire accordance with such view. The entry in the pass book decisively establishes the proposition that here was no complete and perfect gift. *Murray v. Cannon*, 41 Maine, 466. "To make such a gift perfect and complete," observes Alvey, J., in *Taylor v. Henry*, 48 Md. 550, "there must be an actual transfer of all right and dominion over the thing given by the donor, and an acceptance by the donee or some competent person for him; and it is essential to the validity of such gift that it should go into effect, that is, transfer the property at once and completely; for if it has reference to a future when it is to operate as a transfer, it is but a promise without consideration and cannot be enforced either at law or in equity." A declaration of an intention to give is not a gift. The donor must be divested of and the donee invested with the right of property. The indispensable essentials of a gift, delivery to the donee, and loss of dominion over it by the donor, are wanting. *Geary v. Page*, 9 Bosw. 297. In *Robinson v. Ring*, 72 Me. 141, the question here presented was decided adversely to this complainant. It was there held in case of a deposit in a savings bank by A, in the name of B, that in the absence of any declaration of trust at the time of the deposit, or subsequently of any delivery of the pass book to B, the deposit belonged to the estate of the depositor. In *Brabrook v. Boston Five-Cent Savings Bank*, 104 Mass. 230, the deposit was made by a father as trustee of his daughter, thus: "A B trustee for C D," but the father always retained the pass book in his possession, but upon proof that it was his money, and that he had a deposit in his own name, and that this one was made in his daughter's name because the amount of both exceeded the amount which the law allowed the bank to hold for a single depositor, it was held that the daughter could not recover. In *Clark v. Clark*, 108 Mass. 522, the doctrine of the case last cited was affirmed. In *Stone v. Bishop*, 4 Cliff. 593, the deposit was as follows: "No. 3749, A. C. Jackson in trust for George Carpenter, December 31, 1863, deposited one hundred and fifty-two twenty-eight one-hundredths dollars." The bank pass book was delivered to and retained by Jackson. No notice was given of the deposit to the alleged *cestui que trust*, and it was held that the title to the money remained in the depositor. In the case at bar there was not merely no notice at any time of the deposit, and no delivery to the com-



plainant of the pass book, but a complete control of the deposit reserved to the depositor and exercised by her.

The savings-bank book if given to Miss Northrop as trustee was given to her as trustee of the depositor. It is a case of a resulting trust, as where upon the purchase of property the title is taken in the name of one person, while the consideration is paid by another, a resulting trust arises in favor of the party from whom the consideration proceeded, the person named in the conveyance holding the estate conveyed as his trustee. The natural presumption is that he who supplies the money means the purchase to be for his own benefit rather than that of another, and that the conveyance is in the name of such other person as a matter of convenience and for other collateral purposes. "The same doctrine is applied to cases where securities are taken in the name of another person. As if A takes a bond in the name of B for a debt due to himself, B will be a trustee of A for the money." 2 Story Eq., § 201.

If there is a trust in the case at bar it is for the depositor. There is no language indicating a trust for the complainant, but the reverse, that it was for the depositor subject to her control and controlled by her. This negatives a trust for the complainant.

There has been no delivery of the bank book. This case was before the court to determine whether parol evidence was admissible to show the intention of the depositor, either at the time of the deposit or subsequently. Such evidence was held admissible, but none such has been offered. Neither did the depositor declare herself as trustee or as making the deposit for a *cestui que trust* for whom she was trustee. *Northrop v. Hale*, 72 Me. 275.

"It is well settled that where a trust is once completely and effectually created, whether by a formal instrument or by parol where a parol declaration of a trust is sufficient, the trust is beyond revocation by the simple act of the donor." *Taylor v. Henry*, 48 Md. 550; *Kilpin v. Kilpin*, 1 M. & K. 520; *Adlington v. Cann*, 3 Atk. 151.

Here there was no such trust. There never was a moment when the depositor had not entire control of the funds and when she could not have revoked the trust if there had been one created.

The bill is not to enforce a trust for the benefit of the estate of Mrs. Robinson, but for that of the complainant to whom nothing has been given in his own right.

Bill dismissed.

---

PHILADELPHIA'S VALUATION.—According to the annual estimate of the valuation of Philadelphia by the board of revision of that city, the entire valuation of the property is set down at \$571,483,255. These figures show that the value of real estate in Philadelphia has increased over the valuation of last year to the enormous extent of \$17,708,028. When the valuation was made a year ago it had increased \$10,106,100 during the preceding twelvemonth, and this was regarded as an unusual jump. The present advance in the value of property is almost double that of the last estimate. Prior to the year 1877 there was an average increase of values of 17,000,000 per year, one-half of which was due to new buildings and the remainder to the appreciation of values. After 1877, when the Centennial excitement had subsided, and the effects of the panic began to be severely felt, there was a perceptible decline in values, and in one year they dropped \$60,000,000. Since that time there has been a gradual increase, most marked last year, when there was a jump of \$10,000,000. Following that comes the still greater advance of nearly \$18,000,000, as shown by the report of the board of revision for 1883.

## LEGAL MISCELLANY.

**INDORSEMENT—NATURE OF CONTRACT OF—OF NOTE ON DEMAND.**—The guaranty of a note by its indorsement in blank by a third person is that the maker will be of ability to pay it when it becomes due, and that it will be collectible by the use of due diligence. If the maker is not then of ability to pay it the guaranty is broken. In that case no demand on the maker is necessary. And it is not enough that he has some property that might be taken if he has not sufficient to pay the debt. If the maker has real estate, the holder is not bound to attach it before resorting to the guarantor. Where a note so guaranteed is payable on demand, and it is apparent in view of the purpose for which the money was borrowed that the parties did not contemplate its immediate payment, the question is—was the maker at the time the note was payable, according to the presumed intention of the parties, able to pay it, and was it then collectible by the use of due diligence? *Castle v. Candee*, 16 Conn. 223; *Clark v. Merriam*, 25 id. 576; *Hayes v. Werner*, 45 id. 246. Connecticut Sup. Ct. of Errors, Dec. term, 1880. *Forbes v. Rowe*, 48 Conn. 413.

**INDORSEMENT—NOTICE.**—Notice to an indorser of a promissory note, to be good under the law of Georgia, must express not only notice of demand and refusal, but also of protest of the note for non-payment. *Continental National Bank v. Folsom*. Georgia Sup. Ct.

**NATIONAL BANK—WHO IS A "SHAREHOLDER" THAT IS MADE LIABLE FOR DEBTS OF BANK.**—While it may be true that a bank organized under the National banking law may not be bound to admit a purchaser of shares of stock in the association to all the rights and liabilities of the prior holder, unless the transfer is made on the books of the bank in the manner prescribed by the by-laws or articles of association, yet where it does issue certificates of shares to a subsequent purchaser in lieu of the certificates of the prior owner, without observing its by-laws, so far as creditors of the bank are concerned, a party taking and holding such shares of stock will be subject to the liabilities imposed by section 5151 of the National banking law. *Laing v. Burley*, 101 Ill. 591.

**NEGOTIABLE INSTRUMENT—NOT SUBJECT TO EQUITIES.**—A negotiable note indorsed before maturity is not subject in the hands of the indorsee to a set-off in favor of the maker of a debt due by the payee at the time of making the note. The law presumes that the holder of such paper is the owner, and took it for value and before dishonor, and that an undated indorsement of the same was made at the date of the note. As was said in *Ranger v. Carey*, 1 Metc. 369, "a negotiable note being offered in evidence duly indorsed, the legal presumption is that such indorsement was made at the date of the note, or at least antecedently to its becoming due, and if the defendant would avail himself of any defense that would be open to him only in case the note were negotiated after it was dishonored, it is incumbent on him to show that the indorsement was in fact made after the note was over due." *Tredwell v. Blount*, 86 N. C. 33.

## THE POWER OF ACCUMULATION IN SMALL SUMS.

The power of accumulation from the gradual growth of small sums has rarely been shown in a more forcible manner than in a return recently published, which gives the amount of fractions of a penny on dividends of the National debt now lying in the hands of the Bank of England. The manner in which this sum has grown up is as follows. As every dividend has fallen due, the full amount has been issued by the Exchequer to the bank. In dividing this sum out to the various recipients, the bank has never paid the fundholder the fractions below a penny. The bank has thus always had a somewhat larger sum paid to it than it has paid out. But, as the sum, however small, did not belong to it, the bank has, ever since it has had charge of payments on account of the National debt, like a faithful steward, taken charge of these fractions on behalf of its employers.

This process has thus been going on ever since the National debt began, and the accumulation had attained by March 31, 1882, the respectable sum of more than £143,000. The largest item in the account, as might be expected, is from consols, but even the two-and-one-half per cent. stock has contributed a small amount. It is now proposed to take power to write this unclaimed amount off. The figures are as follows :

## ACCOUNT OF FRACTIONS OF A PENNY ACCUMULATED IN THE HANDS OF THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND TO 31ST MARCH, 1882.

	£	s.	d.
Consolidated £ 3 per cent. annuities.....	80,997	1	9
Reduced £ 3 per cent. annuities.....	15,068	5	11
New £ 3 per cent. annuities.....	4,289	11	7
£ 2 10s. per cent. annuities, 1854.....	37	9	4
New £ 3 10s. per cent. annuities, 1854.....	6	5	0
Annuities for 30 years, ending 1885.....	7	15	11
Annuities for terms of years.....	36	2	11
Red Sea and India telegraph annuity.....	0	10	8
New £ 5 per cent. annuities, 1830.....	13	4	7
£ 5 per cent. annuities (consolidated).....	6,557	7	0
£ 4 per cent. annuities (consolidated), 1780.....	1,359	9	0
£ 3 per cent. annuities, 1726.....	1,429	9	7
£ 3 10s. per cent. annuities, 1818.....	10,595	19	8
£ 4 per cent. annuities, 1826.....	49	0	2
£ 3 10s. per cent. reduced annuities, 1824.....	797	15	4
New £ 4 per cent. annuities, 1822.....	2,231	13	4
New £ 3 10s. per cent. annuities, 1830.....	3,872	12	4
£ 3 5s. per cent. annuities, 1844.....	3,204	5	11
Consolidated long annuities, 1780.....	127	19	0
Sundry balances of old annuities.....	12,590	12	2
	£ 143,272	11	2

Another account contained in the same statement requires some explanation. The amount of the dividends is paid on a fixed day by the Exchequer to the bank, but the fundholders do not all take what is due to them with the same punctuality. Many dividends

are received by London bankers through powers of attorney. Some, and an increasing number, we believe, are remitted through the comparatively recent adoption of dividend warrants sent by the post. But many fundholders still prefer to receive their dividends in person. There are always persons of a secretive nature, who do not like other people to know anything about their affairs. They do not like to entrust others with a power of attorney, and, in consequence, they leave their dividends till it is convenient to them to come and call for them. Some of these persons may come once a year, some we believe, even at longer intervals. The outstanding balance of unclaimed dividends, hence, of course varies very much. It is very large immediately after the dividend becomes due, and gradually diminishes towards the end of the term. The amount outstanding in this manner is smaller now than it used to be some years since. In former days when communication was less rapid and easy than it is at present, the dividends were not claimed as quickly as they are now, and a heavy amount was always outstanding. The government naturally desired to make use of these sums, considering that it had the right to do so, till they were claimed by the persons to whom they belonged. Power was, therefore, taken in an Act of Parliament in the time of George III, in 1791, to lend the Government half a million of the amount. A further authority was also taken a few years later, in 1808, by the Government to borrow back another half million if the fund disposable would admit it. It was never large enough to permit as much as this sum to be advanced, but £376,739—making, with the former advance, £876,739 in all—was lent in this manner to the Government. Of recent years, as the dividends have been, as we explained previously, taken up more rapidly by the fundholders, the Government has had to pay back £120,000 of this loan to the bank, as is described in the return. In time it will probably have to repay more. The figures of the transactions as they stand in the return must be taken in connection with those of the accumulated fractions of a penny on the dividends of the National debt mentioned above, which must be deducted from them. They would, accordingly, if that amount had been written off, have stood on 31st March, 1882, as £706,100 5s. 11d. The whole transaction is in the nature of a book entry between the Government and the bank, as the same figures have to be written off from the corresponding entry on the other side; but the magnitude of the transaction renders it one which it is advisable to explain. The accounts of dividends dealt with in this manner are entirely separate from the unclaimed dividends on the National debt. When dividends have not been claimed for more than ten years consecutively, both the unclaimed dividends and the stock on which they have accrued are made over to the Commissioners for the National debt till the rightful owner comes forward and makes out his claim to them; but these sums are not in any way included in the return which follows, and which refers only to the floating balances between the times when each half-yearly dividend becomes due. The transaction is exactly as if a person keeping a large account with his bankers, and drawing a great many cheques on it, found by experience that it was a long while before all these cheques were presented for payment, and in consequence, made use of the floating balance in his own business.—*London Economist*.

STATEMENT showing the amount of Notes and Fractional Silver Coin outstanding at the close of each Fiscal Year from 1860 to 1882, inclusive. Prepared at the Treasury Department, Warrant Division, August 31, 1882.

Year ended June 30.	State-bank circulation. (A.)	National-bank circulation.	Demand notes.	Legal-tender notes.	One and two-year notes of 1863. (B.)	Compound-interest notes. (B.)	Silver certificates.	Fractional currency. Paper. (C.)	Fractional currency. Silver. (C.)	Total amount in currency.	Value of paper dollar as compared with coin July 1 of each year.	Value of currency in gold.
1860	\$ 207,102,477	\$ —	\$ —	\$ 96,620,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 207,102,477	—	\$ —
1861	202,005,767	—	—	53,040,000	—	—	—	—	—	202,005,767	0 86.6	288,769,500
1862	183,792,079	—	—	3,351,019	89,879,475	153,471,450	—	—	—	333,452,079	0 86.6	497,798,338
1863	238,677,218	—	—	780,999	153,471,450	193,756,080	—	—	—	649,867,282	0 76.6	322,649,246
1864	179,157,717	31,235,270	—	431,178,670	42,138,710	193,756,080	—	—	—	833,718,984	0 38.7	602,256,354
1865	142,919,638	146,137,860	—	472,603	3,454,230	159,012,140	—	—	—	883,318,688	0 70.4	588,557,092
1866	19,996,163	281,479,968	—	400,619,206	1,123,630	122,394,486	—	—	—	801,904,685	0 66.0	592,900,769
1867	4,163,112	598,625,379	272,162	371,783,597	555,492	28,161,810	—	—	—	826,927,153	0 71.7	592,900,769
1868	3,103,771	299,702,855	141,723	356,000,000	555,492	28,161,810	—	—	—	720,412,602	0 70.1	592,900,769
1869	2,558,874	299,999,694	123,739	356,000,000	347,772	2,871,410	—	—	—	693,946,056	0 73.5	510,950,331
1870	2,222,793	299,766,984	106,256	356,000,000	248,272	2,152,910	—	—	—	700,375,869	0 85.6	599,521,769
1871	1,968,058	318,261,241	96,295	356,000,000	198,572	768,500	—	—	—	717,875,751	0 89.0	638,909,418
1872	1,700,935	337,664,705	88,206	357,500,000	167,522	593,590	—	—	—	738,570,903	0 87.5	646,249,540
1873	1,294,479	347,267,061	79,967	357,500,000	142,105	479,400	—	—	—	780,060,368	0 86.4	648,953,886
1874	1,009,021	351,981,032	70,732	359,000,000	127,625	415,210	—	—	—	781,490,916	0 91.0	711,156,733
1875	658,844	354,408,008	70,107	375,771,380	113,375	367,390	—	—	—	773,046,728	0 87.2	674,619,947
1876	658,938	332,998,336	66,017	369,772,284	104,795	328,760	—	—	—	749,393,473	0 89.5	671,773,937
1877	521,611	317,018,872	63,962	359,764,332	95,725	296,630	—	—	—	731,379,542	0 94.7	694,375,246
1878	456,524	340,514,284	62,297	346,681,016	90,485	274,920	—	—	—	739,215,568	0 99.4	725,083,924
1879	352,452	390,601,667	61,470	346,681,016	86,185	259,090	—	—	—	734,801,994	1 00.0	734,801,994
1880	299,790	344,505,427	60,975	346,681,016	82,485	242,590	—	—	—	735,522,056	1 00.0	735,522,056
1881	235,197	353,042,675	60,535	346,681,016	79,985	230,250	—	—	—	786,584,868	1 00.0	786,584,868
1882	243,673	358,742,034	59,595	346,681,016	74,965	220,900	—	—	—	796,288,440	1 00.0	796,288,440

(A.)—The amount of State and National-bank circulation is compiled from the reports of the Comptroller of the Currency at the nearest dates obtainable to the end of each fiscal year: the other amounts are taken from the official printed reports of the Secretary of the Treasury.

(B.)—The one and two-year notes of 1863, and the compound-interest notes, though having a legal-tender quality for their face values, were in fact interest-bearing securities, payable at certain times, as stated on the notes. They entered into circulation for but a few days, if at all, and, since maturity, those presented have been converted into other interest-bearing bonds or paid for in cash, interest included.

(C.)—The fractional silver coins, which are not stated, cannot be stated. The amounts stated for 1876 and subsequent years, are the amounts coined and issued since January, 1876. To these amounts should be added the amount of silver previously coined which has come into circulation.

\* Exclusive of \$8,375,934, amount estimated as lost or destroyed, act June 21, 1879.

## CLEARING-HOUSE RETURNS FOR 1880-1882.

The following, taken from the *Public*, shows the amount of exchanges at each Clearing House from which reports have been obtained, for the years 1881 and 1880, and for the first six months of 1882 and 1881, with percentages of increase (+) or decrease (—) at each city:

	Year.			Six Months.		
	1881.	1880.	Per ct.	1882.	1881.	Per ct.
	\$	\$		\$	\$	
New York.....	49,376,882,883	38,614,448,223	+27.9	22,893,348,922	26,077,086,047	-12.2
Boston.....	4,233,260,201	3,326,343,166	+27.2	1,809,170,101	2,124,441,891	-14.8
Philadelphia....	2,716,828,851	2,354,846,429	+15.2	1,375,870,199	1,359,590,432	+1.3
Chicago.....	2,349,067,450	1,725,684,895	+36.1	1,082,888,575	920,275,315	+17.7
Cincinnati.....	903,149,100	729,850,500	+23.7	478,388,900	414,938,900	+15.3
St. Louis.....	832,631,830	711,459,489	+17.0	418,143,075	384,723,049	+8.5
Baltimore.....	732,448,142	682,904,049	+7.1	323,910,466	357,490,011	-9.4
San Francisco....	598,666,832	486,725,954	+23.0	298,787,175	262,115,689	+14.0
New Orleans....	502,726,081	468,927,894	+7.2	252,646,039	259,145,740	-2.5
Louisville.....	396,331,005	299,114,426	+32.5	193,876,248	188,539,512	+2.8
Pittsburgh.....	389,170,379	297,804,747	+30.6	210,346,112	178,493,110	+17.9
Milwaukee.....	360,884,427	316,309,008	+14.1	189,065,242	154,686,924	+22.2
Providence.....	216,572,000	199,629,300	+8.5	111,110,600	103,953,400	+6.9
Kansas City....	133,901,400	101,330,000	+32.5	79,103,900	53,426,200	+47.6
Indianapolis....	109,557,213	87,398,262	+25.4	51,538,686	52,174,308	-1.2
Cleveland.....	103,113,643	84,613,179	+21.9	54,249,168	44,602,094	+21.6
Hartford.....	83,018,000	70,722,788	+17.4	44,012,452	38,867,833	+13.8
New Haven.....	58,855,601	50,361,513	+16.8	31,823,652	27,522,555	+15.6
Columbus.....	52,148,656	44,068,189	+18.3	28,894,490	23,305,604	+24.0
Memphis.....	45,224,597	47,860,751	-5.5	21,536,749	21,708,434	-.8
St. Joseph.....	43,642,829	33,861,713	+28.9	—	—	—
Worcester.....	39,224,751	33,648,550	+16.6	21,364,466	18,590,672	+14.9
Springfield....	37,770,258	31,847,911	+18.6	20,034,790	17,346,367	+15.5
Peoria.....	*36,611,673	—	—	*26,769,090	—	—
Portland.....	—	—	—	*23,560,823	—	—
Lowell.....	22,951,836	19,981,951	+14.9	13,129,782	10,596,599	+23.9
Syracuse.....	19,091,141	17,296,588	+10.4	10,825,551	8,846,016	+22.4
Totals.....	64,365,180,106	50,837,039,475	+26.4	30,014,071,334	33,102,466,512	-9.3
Outside of New York.	14,988,297,223	12,222,591,252	+22.9	7,120,722,412	7,025,380,465	+1.4

\*Peoria is omitted from the footings for the year, and Peoria and Portland from the footings for the half year. The Peoria record commenced April 15th, 1881; the Hartford record for 1881 is, in part, compiled from weekly statements; the other returns given are for complete periods and are official.

COIN vs. BANK NOTES.—The relative cost in wear and tear of gold coin, as compared with bank notes, has lately been investigated in England, and the advantage has been found to be largely with the coin. To manufacture a million of sovereigns costs \$10,000, or about a cent apiece. In fifteen years they lose in weight one-half of one per cent., or about \$25,000, and become too light for further use. This makes the total expense as currency for the fifteen years \$35,000. The paper and printing of a million one-pound notes would cost, it is estimated, four cents apiece, or \$40,000 at the outset, and during fifteen years they would have to be replaced at least three times, or, with active use, six times, thus requiring an outlay of certainly \$160,000, and perhaps \$280,000, for the same period that a million of sovereigns would remain in circulation.

## CURRENT EVENTS AND COMMENTS.

*AN IMPORTANT TELEGRAPH DECISION.*

Everybody who has ever written a telegraph message is familiar with the stipulation made upon the blank, which reads as follows: "It is agreed between the sender of the following message and this company that said company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery of any unrepeatable message, whether happening by the negligence of its servants or otherwise, beyond the amount received for sending the same." The question of the company's liability has never until recently been disputed, and in a suit recently tried at Leavenworth, Kans., the United States Court has decided that the company can make no such arbitrary stipulation. The court holds "that any rule or regulation of the company which seems to relieve it from performing its duty, belonging to the employment, with integrity, skill and diligence, contravenes public policy as well as the law, and under it the party at fault cannot seek refuge. If it becomes necessary for the company in transmitting messages with integrity, skill and diligence, to secure accuracy, to have said message repeated, then the law devolves upon them that duty."

An exchange, commenting upon this decision, says: "When the telegraph was first established, with a new system of representing words, and of necessity employing operators new to the business, there was reason enough in supposing that a large allowance should be made for operative errors. Under the conditions then existing the stipulation of the telegraph companies that they would not be responsible for mistakes unless the message be repeated was not altogether unreasonable. That the public should submit to the same one-sided regulation, now that telegraphing is no longer a novelty, is simply absurd, or worse, since it allows the companies to shirk the proper consequences of employing under-paid and incompetent operators. At current rates there is no business that can better afford to furnish the best of servants and service than telegraphing; and with the present development of the art there is no more justice in throwing the presumption on the side of inaccuracy, and requiring the public to pay two prices to insure the correct delivery of their messages, than there would be in applying the same rule to any other service."

*THE PROSPERITY OF FRANCE.*

The extraordinary charges imposed on the French National Treasury by the German war amounted, including the indemnity of five milliards of francs, to the sum of 11,471,661,666*fr.*, or nearly £460,000,000. This amount is exclusive, not only of private losses, but of war expenses borne by the communes. It includes, however, the allocation of 260,000,000*fr.* to towns and departments to repair a portion of the damage caused by the war; of 26,000,000*fr.* to repair the damage caused by the corps of engineers in destruction for defensive purposes; of 160,000,000*fr.* for the reprovisioning of Paris; of 25,000,000*fr.* for subterranean telegraphic lines, and of 2,696,000,000*fr.*, called the *compte de liquidation*, devoted to the reconstruction of fortifications.

of armaments, and of military provisionment. In addition to bearing this enormous load, the Treasury had to repay to the Bank of France the loan of 1,500,000,000*f.* contracted in 1870 and 1871. The extraordinary resources created since 1876 to meet this unprecedented demand have been as follows: (1) An increase of the consolidated debt, amounting, as the balance of four separate loans, conversions and sinking fund, to 6,527,000,000*f.*; (2) an increase of terminable debt, under twenty separate heads, to the amount of 3,200,000,000*f.*, and (3) alienations of the national capital to the amount of 171,000,000*f.* The total amount of extraordinary resources thus created amount to 9,898,620,537*f.*, being 1,573,041,129*f.* less than the charges of the war as before stated. And yet not only is the Bank of France repaid, and the *compte de liquidation* closed, but the *découverts du trésor*, a floating debt, which on January 1, 1870, stood at 725,995,055*f.*, were reduced, on January 1, 1880, to 636,565,704*f.*, or by 89,429,351*f.*; showing a gross reduction of debt, after defraying the whole expenditure, of more than £66,000,000. Nor has the growing wealth of France been shown only by restoration of her military defense and by reduction of consolidated and floating debt. In 1879 and 1880 successive reductions of taxation were effected, amounting in all to nearly 222,000,000*f.* The ordinary expenses of the budget, which in 1879 stood at 2,700,000,000*f.*, have risen in 1882 to 2,854,000,000*f.* Thus between the budget of 1880 and that of 1882 is a difference in diminution of receipts of 222,000,000*f.*, and the increase of expense of 154,000,000*f.*, making together the large sum of 376,000,000*f.*—*Fraser's Magazine*.

#### THE RAG BUSINESS.

A ragman's purchases do not go beyond a few dollars a day. Yet the aggregate of the trade in New York City reaches the big fortune of \$30,000,000 per annum. The rags are divided into two classes, woolen and cotton. The former are employed in making "shoddy" goods, and are worth from three to thirty-five cents a pound. They are gathered principally in the Eastern and Western States, as the high protective tariff prevents the importation of woolen cuttings from abroad. Cotton rags, on the other hand, are duty free, and come from all divisions of the globe. They are worth from one and one-fourth to six cents per pound. The business in this class reaches \$22,000,000 per annum, the material being utilized in the manufacture of paper. A prominent dealer estimates the number of rag dealers in the city at 800, about a fifth of whom are extensive dealers. The general trade, however, is under the control of a few big dealers. The Italian pickers who go about with a bag on their back and a poker in their hand gather \$750,000 worth of rags per annum. They have a monopoly of the "street pickings," having driven out the Irish and Germans, who years ago engaged in this scavenger-like industry. There are about 2000 of these rag pickers at work, according to the paper quoted. The hand-cart dealers do a business that reaches the neat sum of \$3,000,000 per annum. Last year the cotton-rag importations reached \$10,000,000 in value. The industry is a progressive one and gives employment to many people in sorting and packing. The sorters are women, getting \$5 a week; the packers, men, getting from \$12 to \$14 per week. The best cotton rags are obtained in this country, although the demands of trade are such that supplies have to be obtained from abroad. From the cotton rags are manufactured every grade of paper from the finest



writing to the commonest wrapping paper. The bulk of the trade in this style of rags is confined to this city, which absorbs all of the traffic in woolen rags. It has required only twenty-five years to develop the rag trade from a mere nothing to its present dimensions, and fortunes, it is said, are being made by dealers. As proof of the bonanza it yields, a paper cites the fact that a mammoth mansion called the "Ragman's Palace" is being built in One hundred and fifteenth street, near Fifth avenue, by a man who made a fortune dealing in old rags.

#### CONSUMPTION OF COFFEE.

Statistics of the growth and consumption of coffee throughout the world indicate large increases. A quarter of a century ago the total production was about 338,000 tons; in 1879 it was 590,000 tons, or in a fair way soon to double the former total. From 1868 to 1879 alone the increase was something over 120,000 tons. Our own country affords the greatest market for the article, the consumption in 1880 having been 180,000 tons. This was an increase of 80,000 tons over the average for the twenty years ending in 1876.

#### CALIFORNIA.

California ought certainly to be re-christened the Chameleon State. Although yet quite an infant compared with the original States of the Union, it has, nevertheless, turned from one method of making money to another on several occasions. It began its career with gold; then followed its silver age; next it took to wheat-growing; and now we are told that the yield of the vineyards and orchards promises to become of even more importance than the cereal harvest. Nearly 10,000,000 gallons of wine are produced in the State annually, and inasmuch as the price keeps up, it may be inferred that the quality is good. No trustworthy statistics can be obtained as to the total quantity of fruit grown, but the report says that 2,000,000 lbs. of dried, 4,086,430 lbs. of canned, and over 7,000,000 lbs. of green fruit came eastward by rail last year. These exports obtained very remunerative prices, the grapes, plums, pears, apricots and peaches being in especial request, and the California orange is also said to be coming into vogue. Only four or five years ago the price of grapes on the spot ranged from eight or nine dollars per ton for ordinary sorts to fifteen or twenty dollars for the choice varieties. These prices have already doubled, and as viticulture presents few difficulties in California, those engaged in it are reported to be making splendid profits. Unfortunately the *phylloxera* has made its unwelcome appearance in several places, and the California farmers may possibly discover, therefore, that wheat-growing pays best after all.

#### COTTON CULTIVATION IN CENTRAL ASIA.

A syndicate of wealthy Moscow merchants has been formed for the purpose of promoting cotton cultivation in Central Asia, and for the introduction of cotton fabrics to the trade of the Russian Empire. It is proposed to employ an American expert or planter to superintend the planting, tending and husbanding of the cotton plants. The enterprise has received the formal sanction of the Russian Minister of Finance. In some parts of the lately-acquired Asian territory of the Czar it is hardly to be doubted the cultivation of the cotton plant is quite practicable.

*GROWTH OF AUSTRALIA.*

The remarkable growth of the Australian colonies since the discovery of gold, which occurred in 1851, is attested by recent statistics. The population increased in the period 1851-81, from 214,000 to 2,000,000. The wool clip has more than doubled in the past ten years. There were over 82,000,000 head of live stock on the pastures, and nearly 7,000,000 acres of land under cultivation last year. Since 1851 gold to the amount of \$1,460,000,000 has been produced in the colonies. In 1881 8,500,000 tons of shipping entered and cleared the ports.

*GERMAN WAGES.*

Questions of wages and prices of food in Germany are of grave interest, as the relations between capital and labor depend on these important subjects. Consul-General Volger presents a table of wages paid to fourteen different classes of working men and artisans in thirty leading and representative cities of the German Empire, together with the prices of articles of food and rental. Having studied the average cost of food alone in Germany for four persons as amounting to \$9.50, rent, light, taxes, and clothing not included, it may be seen how extremely difficult it must be for German workmen to save anything from their earnings. Taking builders, cabinet-makers, locksmiths, tailors, shoe-makers, machinists, machine weavers, wool-spinners, skilled factory hands, gardeners, and laborers, the lowest wages seem to be paid in Offenbourg, Baden, and the highest at Frankfort-on-the-Main, Prussia. The wages of a builder's foreman at Frankfort was \$7.40 a week; a journeyman, \$5.04; a hod-carrier, \$3.74; a cabinet-maker, \$4.58; a locksmith, \$4.85; a tailor, \$4.56; a shoe-maker, \$3.84; a factory hand, \$3.50, and gardeners and field-hands the same, while in Darmstadt the field laborer only gets \$1.44 per week. It is at Nuremberg that the general scale of wages seems to be the smallest. A foreman gets \$4.80 a week; a journeyman, \$2.40; a hod-carrier, \$1.44; a cabinet-maker, \$2.16; a locksmith, the same; a tailor, \$1.80; a shoe-maker, the same; a gardener, \$2.16, and a field-hand, \$1.68. The best remunerated tailors seem to be in Schweinfurt, Bavaria, where they are paid \$4.20 a week. Comparing the prices of food between Frankfort and Offenbourg—the first in Prussia, the second in Bavaria, wages in the latter being in many cases one-half less—it would be supposable that food must be proportionately lower in Bavaria, but this is by no means the case. On the contrary, taking the general average, the necessities of life are higher. For instance, in Frankfort, rye flour by the 100 pounds costs \$3.58; in Offenbourg it is nine cents dearer. Wheat is \$4.53 per 100 pounds in Frankfort, while in Offenbourg it is \$4.97; potatoes are ten cents dearer per 100 pounds, while beef is one and a half cents cheaper. The only thing which is really lower is house rent, which, for two rooms in Frankfort, is \$3.10 per month, while in Offenbourg it is \$2.10. In Strasbourg prices for wages approach closely to those paid at Frankfort, while food seems to be a fraction more expensive. The Consul-General writes: "The fact that thousands of working men of German birth are already residents and citizens of the United States, and that their number is being increased by immigration at a stupendous rate, gives to the comparison suggested a most vital and practical interest."

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. SIGNATURE OF ACCEPTANCE.

A draft drawn at five days on "John Smith, Secretary Balloon Mining Co.," is presented at the office of the company for acceptance. The Assistant Secretary (who is usually in charge) stamps the draft with the following rubber stamp:

Accepted,

Due Sept. 16th, 1882,

JOHN SMITH, Sec'y,

And after the word "per" fills in the letter "C," which is his initial.

Is this a sufficient acceptance?

REPLY.—Yes. Similar rules apply with reference to the signatures of bills, notes and acceptances. Daniel says "the name may be printed as well as written, though, in such cases, it cannot prove itself, and must be shown to have been adopted and used by the party as his signature. The full name may be written; and at least the surname should appear, and generally does. But this is not indispensable—the initials are sufficient; and any mark which the party uses to indicate his intention to bind himself will be as effectual as his signature, whether there be a certificate of witnesses on the instrument or not." *Neg. Inst.* § 74, 2d ed. *Merchants' Bank v. Specie*, 6 Wend. 443; *Palmer v. Stephens*, 1 Denio 471.

## II. LIABILITY OF BANK FOR STOLEN BONDS.

Can a National bank be held liable for a special deposit of bonds stolen by one of its officers?

REPLY.—Morse says that "banks frequently receive special deposits from their customers gratuitously, accepting no pay and deriving no benefit from the act, which is done solely for the depositor's accommodation. Assuming that the bank has authority to enter into such an undertaking, it is at best a naked bailment, and the bank is bound only to keep the property with the same care with which it keeps its own property of the like description. It is responsible only for gross negligence, like any other bailee without reward. It need keep no further supervision over the officers who have direct charge and control of it, than it keeps over the same officers having the same charge and control of its own property of the same kind. So, if the property be placed in the vaults of the bank, together with its own similar property, and be there stolen by the officer who has charge of the vaults, the bank is not liable to the depositor." *Banks and Banking*, p. 66, 2d ed. These principles are well sustained in the cases of *Chattahoochee National Bank vs. Schley*, 58 Ga., 369, and *First National Bank vs. Ocean National Bank*, 60 N. Y., 278. This question was very elaborately considered by Chief Justice Parker, in *Foster vs. Essex Bank*, 17 Mass. 479. A cask of gold doubloons was left with the bank for safe keeping. It was kept in the bank vaults with the same care as the property of the bank. The cashier stole a portion of the gold. The Court said

that the liability of the bank depended on the facts: 1, Whether the act was done in the exercise, and 2, within the limits of the power delegated to him. Money, for example, credited in the books of the teller, or proved to have been deposited with him, though not credited, the bank was answerable for. In this especial case, "if the cashier had any official duty to perform relating to the subject, it was merely to close the doors of the vault when banking hours were over." The bank was "not answerable for special deposits stolen by one of their officers, any more than if stolen by a stranger; or, any more than the owner of a warehouse would be, who permitted his friend to deposit a bale of goods there for safe keeping, and the goods should be stolen by one of his clerks or servants." *Giblin vs. McMullen*, 2 L. R. P. C. 317; *Scott vs. National Bank of Chester Valley*, 72 Penn. 471.

### III. PAYMENT OF CHECK.

A check on the Fortieth National Bank was drawn "Pay to Wm. Smith or bearer," and indorsed as follows:

"Pay to order of Thos. Brown,  
"John Johnson.  
"Pay 100th National Bank or order,  
"Thos. Brown."

It was passed through the Clearing House by the last-named bank, but the Fortieth claims that the check should be indorsed by the 100th National Bank. The latter says that as the check is payable to bearer, no subsequent indorsement is required.

Is such an indorsement necessary?

REPLY.—No. The 100th National Bank was the rightful owner of the check. So far as the payee bank was concerned it made no difference whether the other bank obtained its title to the check through special indorsements, or simply by delivery. If it were the rightful owner, it was the duty of the payee bank to pay it without indorsement. In the case of *McCurdy v. National City Bank of Cleveland*, which was fully reported in the August number of the Magazine, the court remarked, "In 20th O. S. R. 234, it is said: 'The duty of a banker is to pay the bills and checks of his customers, drawn payable to order to the person who becomes holder by a genuine indorsement.' This was affirmed in the 30th O. S., and the court therein says: 'We do not think that the right of the absolute owner of a fund to direct to whom a check drawn upon it shall be paid can be questioned,' and it necessarily follows that any person holding a genuine check with a genuine indorsement of the payee, is entitled to receive his money thereon without becoming an indorser thereof." This determination accords with reason, for why should not a bank pay a check according to the direction of the maker without requiring the indorsement of the person who is to receive it? The bank is always protected if it follows the direction it has received from the maker of the check.

### IV. NOTICE OF PROTEST.

If a notary deposits notice of protest in a street letter-box instead of in the post office, does that satisfy the law?

REPLY.—We have seen no decision covering this specific point, but such a course would probably satisfy the law. It has been held that in London the delivery of a letter to a bellman in the street is not equivalent to depositing it in the post office. *Hawkins v. Rutt*, Peake's N. P. C. 186. But Daniel

questions the soundness of this decision. *Neg. Inst.* § 1024. He cites several authorities which lean the other way. Of course, the preferable mode would be to deposit the letter in the post office.

#### V. USURY.

A comes into B's office and says he wants \$100 for thirty days and asks what the money will cost him. B replies that he will take A's note at two per cent. discount, that is, he will take A's note for \$102.04, discount it at the rate of two per cent. a month and hand him the net proceeds, \$100. The word interest is not mentioned in the transaction.

Is such a transaction a violation of the usury law?

REPLY.—Unquestionably. The law does not regard the form of words used, but the nature of the transaction. The case mentioned is clearly usurious. A greater sum is taken for the use of money than the law authorizes. The mode of effecting the operation is not important. It is the nature of the act which determines whether it is usurious or not.

---

### BOOK NOTICES.

*Rocks, Minerals and Stocks.* By FREDERICK H. SMITH. Published by the *Railway Review*, Chicago, Ill.

This work has grown out of a former publication by the same author, entitled the *Pocket Geologist*. That found such a ready sale that Mr. Smith has been tempted to produce the larger work now before us. The chief portion is devoted to a concise description of rocks and minerals, and is intended to be of practical use to the miner. The third part treats of stock companies, how they are formed, of the various modes of speculating in stocks, and of the tricks that are played. This is indeed the most interesting, if not the most valuable, part of the work. Every part of the book is indeed useful, to those who have not time or ability to master the more elaborate works on geology and mineralogy. But no other person has worked up the science of trickology so thoroughly; and the knowledge of this is hardly less useful to the miner and dealer in stocks than a knowledge of the rocks and minerals themselves. "As between mineralogists and stockologists," the author remarks, "the former have analyzed and recorded the various mineral compounds as they went along, so that the information is of avail as standing ground from which to start new progress; but the professors of trickology have kept no records. Each new practitioner thinks that he originated the little game by which his last 'pile' was raked in, not knowing that some other operator had previously used up his brain matter and nervous energy over it, and kept quiet about the details after accumulating the shekels." This science, therefore, Mr. Smith proceeds to unfold; and if after perusing these pages the reader does not conclude that some men—at least those who have invented and practised these tricks—are ever so much lower than the angels, it is to be feared that his reason for so thinking is, because he is an unbeliever in the existence of such beings. Truly the ways of men herein described are far more curious than the rocks and minerals about which the author has so well written.

*Telegraphic Code: To Insure Privacy and Secrecy in the Transmission of Telegrams.* By FRANK MILLER. New York: Charles M. Cornwall, 1882. 4to, pp. 120.

This Code is not only simple, clear and well adapted for prompt and economical telegraphing, but possesses an important advantage over any other, in a feature which seems to render impossible forgery, or deciphering by any one except the correspondent holding the key. This absolute secrecy is effected by means of a series of "shift numbers," prearranged between the correspondents. Each "shift number" is used but once, and then canceled. The book contains 12,300 words and phrases, each having its cipher-word duly numbered; then follow 1,700 cipher-words. By the use of this code, the payment of money or other transactions upon telegraphic orders can be made with freedom from any risk of fraud in the dispatch.

In the *BANKER'S MAGAZINE* of March last, an article upon the subject of cipher telegrams was published, which describes the theory upon which this code is based. It was from the pen of the author himself, whose experience of sixteen years as a bank officer led him to study the system of codes and to accomplish the result which is reached by his book.

---

*Robinsonian Interest Tables for the Use of Savings Banks.* J. WATTS ROBINSON, Author and Publisher. Boston, 1882.

These tables show interest computed by *months* at the rates of three, three and a-half and four per cent. Each rate is shown for all sums upon a single page, and the form is one very convenient for a book-keeper's desk.

---

FINAL DIVIDEND TO THE CREDITORS OF THE FIRST NATIONAL BANK OF NEW ORLEANS.—At the time of the failure of the First National Bank of New Orleans, in 1867, the present Comptroller of the Currency was in charge of the office of the Assistant Treasurer in New Orleans having discovered a large defalcation of over \$1,100,000 in that office. The defaulting assistant treasurer gave to him his personal check upon the First National Bank of New Orleans for \$345,779.10 upon which \$94,000 of cash, being the total amount of money then in the bank, was taken by the Comptroller and applied upon this check. It was subsequently found by the receiver of the bank that the bank held legal offsets against the check of the Assistant Treasurer, and that there was really nothing due upon the large check held by the Government, but in the meantime the \$94,000 collected from the bank had been covered into the Treasury. Subsequently the Government, by subrogation, became a creditor of the bank for a large amount, and the Comptroller has, since 1874, persistently declined, under the best legal advice, to pay to the Government subsequent dividends, amounting to about \$65,000, upon this claim unless the \$94,000 erroneously paid to the Government should be allowed in its settlement. This allowance has been persistently refused, and has been a subject of controversy in the department for more than six years, thus delaying the final settlement of the affairs of the bank. The present Secretary of the Treasury, after a careful review of the papers in the case, has reversed previous decisions and decided in favor of the Comptroller, and upon his recommendation an appropriation was made by the last Congress of \$28,173.58 as a balance due from the Government to the bank. The whole amount of claims of the creditors is \$1,155,662.50. The Comptroller has declared a final dividend of nine per cent, making in all dividends of seventy-nine per cent. in favor of the creditors. The present dividend amounts to \$100,469.62, and is to be distributed among about five hundred different creditors, and is payable at the Treasury Department by the Comptroller to the holders of the receivers' certificates upon their presentation, if properly assigned.

## BANKING AND FINANCIAL ITEMS.

**PUBLIC DEBT.**—In 1865 the total interest-bearing debt of the United States was computed at \$2,381,530,295, bearing an aggregate annual interest of \$150,977,698. At the close of the fiscal year ending with June, 1882, the total debt bearing interest was \$1,463,810,400, with an annual interest charge of \$57,360,110. The actual reduction of this debt during the period mentioned was \$917,719,895; the practical reduction, however, when the present interest charge is considered, is very much greater. In 1865 the average rate of interest on the public debt was about 6.3 per cent. Had the rate of interest been continued that was paid then, the sum of \$910,480,000 would now call for the present annual interest charge. Hence, as a charge against the public revenues, the debt has been reduced in the sum of about \$1,471,050,000. During the last fiscal year the reduction of the National debt, less cash in the Treasury, was \$151,684,351. The reduction of the entire debt, including interest due and unpaid, matured debt, and other debt bearing no interest, was \$157,758,247. The reduction of the principal of the interest-bearing debt was \$175,757,350. The amount of bonds actually redeemed and destroyed was \$166,220,410.

**EXCHANGE OF UNITED STATES BONDS.**—The Comptroller of the Currency has received from the register of the Treasury to date, September 25th, \$96,766,800 of the new three-per-cent. bonds, in exchange for \$167,921,100 of three-and-a-half-per-cent. bonds, which have been delivered to the Secretary for account of 1265 different National banks. The amount of three-and-a-half-per-cent. bonds now on deposit to secure circulation is \$47,833,000, a considerable portion of which is to be delivered to the Secretary for conversion into three per cents. All of the cases—namely, 1032—that were presented for exchange at ten o'clock on the morning of August 1, have been delivered to the Secretary, and it is probable that the new three per cents., issued in place of three and a-halfs, will all be deposited by the Comptroller with the Treasurer during the present month of September. When these exchanges are completed fully one-half of the bonds on deposit to secure circulation will consist of the new three per cents., the remainder being chiefly four-per-cent. and four-and-a-half-per-cent. bonds.

**WHO OWN BANK STOCK.**—In the *New York Tribune* a correspondent says that comparatively few rich men are large holders of bank stock, and the great majority of them do not hold any at all. For instance, the New York Bank of Commerce has 1829 shareholders. The capital is \$5,000,000, and the average to each shareholder is \$2733. No fewer than 531 hold ten shares or under. More than one-quarter of the stock is held by 778 women, and "estates" hold 154 shares. The Bank of New York National Banking Association has a capital of \$2,000,000. Of this, \$701,500 is owned by 247 women, and women "trustees" and charitable associations own a majority of the stock.

**NASSAU BANK.**—How a bank can make more money by reducing its capital is explained by the cashier of the Nassau Bank of New York, which has reduced its capital from \$1,000,000 to \$500,000. It has half the original capital invested in real estate: "We found that the dividend in our cash capital of \$500,000 was being reduced by two per cent. to pay the City and Government taxes on \$500,000 worth of real estate, so we have sold the real estate and have just as much money as before, and it is in better shape. The City tax on our real estate was \$12,500 and the Government tax \$2,500, making \$15,000. We were required to take \$10,000 per year from our cash to pay

the tax, which, added to the interest on the value of the property, made \$25,000 or two per cent. of our cash capital. Now we have sold our real estate, and, of course, save our two per cent. We have been paying a six per cent. dividend to our stockholders and now can pay eight per cent."

SYLVESTER R. COMSTOCK, president of the National Citizens' Bank, in Broadway, whose death is announced elsewhere, was the son of Dr. Comstock, formerly a well-known physician at Danbury, Conn. When young Comstock became of age, he began his commercial life in his native town. Soon afterward he became associated with Hezekiah Nichols in the manufacture of wool-hat bodies at Yonkers. He sold out his interest in this business in 1835 and came to New York. Here he obtained employment in one of the metropolitan banking houses. In a few years he succeeded in obtaining the position of teller of the Citizens' Bank. His integrity and reliability soon won him the confidence of the directors. He was finally promoted to the position of cashier, and in 1865 was elected president of the bank, which office he has since filled. Mr. Comstock was a member of the Union League Club, the New York Historical Society, the American Institute and the Kane Lodge of Free Masons. He was also a director of the Rutgers Fire Insurance Company, and a trustee of the Manhattan Life Insurance Company.

LOSS BY COHOES STRIKE.—The great Harmony Mills at Cohoes, N. Y., which have just reopened after an enforced idleness of nearly four months, are six in number, and of the following dimensions; No. 1, four stories, 550 feet long, 70 feet wide; No. 2, three stories, 600 feet long, 75 feet wide; No. 3, five stories, and including the extension, 1185 feet long, 70 feet wide, with a wing 125x56 feet, and five stories high; No. 4, five stories, 200 feet long, 50 feet wide; No. 5, five stories, 500 feet long, 50 feet wide; No. 6, known as the "Ogden Mills," four stories, 500 feet long, 50 feet wide. The *Troy Times* estimates the loss to the employees at about \$270,000, but thinks that the company has probably made a very small net gain by the stoppage.

A BANK'S STOLEN NOTES.—The First National Bank of Detroit, Mich., now in liquidation, had stolen from it on June 23, 1881, \$2080 in incomplete ten-dollar circulating notes which has been received by it from the Treasury Department. These notes had been signed by the President of the bank, but not by the Cashier, and were fraudulently put in circulation. At the bank's request, and in accordance with the uniform ruling of the department, these notes, when presented to the United States Treasurer for redemption, were rejected, for the reason that they were not obligatory promissory notes of the bank by which they purport to have been issued, not having been signed by both officers of the bank. Upon the bank's going into liquidation, in order to obtain its bonds pledged as security for its circulating notes it was required to deposit with the Treasurer of the United States lawful money equal to the amount of its circulating notes outstanding, which included the \$2080 stolen notes. The Secretary of the Treasury, to whom the facts in the case were made known, informed the Treasurer that there would be no objection to the notes in question being redeemed, provided proper authority in writing should be first obtained from the officers of the bank. The Treasurer has now been furnished by the officers of the bank with the written authority, consenting to the redemption of the notes in question, and they will be redeemed on presentation at his office.

ORAMEL HINKLEY FITCH, who died on September 17th, was for thirty-four years President of the Farmers' National Bank of Ashtabula, Ohio, and of its predecessor, the Farmers' Branch of the State Bank of Ohio. Mr. Fitch was born in the year 1803, at Lebanon, Conn., and went to Ohio in 1828. A lawyer by profession, and a scientist by taste, he won the respect of all who knew him. The Board of Directors of the bank entered upon its records a resolution strongly expressive of their respect and affection for their departed president.

LEADVILLE.—During the four and one-half years from January 1, 1878, to July 1, 1882, the shipments of metal from the Leadville smelting establishments were 113,609 tons of lead, 26,874,946 ounces of silver (about \$35,000,000), and 25,569 ounces of gold (about \$500,000), exclusive of the value of 90,827



tons of ore shipped to the smelting works of Golden, Pueblo and other points, which, in the majority of instances, proved to be the cream of the output of the Leadville mines, having averaged over \$100 per ton. During the first six months of this year, the shipments of gold, silver and lead were of the value of \$7,817,918, or at a somewhat higher rate than ever before.

**VALUE OF COMSTOCK MINES.**—Opinion is divided as to the value of the Comstock mines. There has not been a dividend from any mine on the Comstock in over two years, and since that time nearly every mine of any importance on the Comstock lode has levied one or more assessments, and some of them over half a dozen. The Consolidated Virginia is now collecting one of thirty cents per share, or \$162,000. This is the third levy of this company within the past twelve months, making a total of \$486,000 demanded of stockholders for one claim within a year. Two years without dividends and plenty of assessments is well calculated to weaken the faith of the strongest with reference to the value of the Comstock lode.

**RUSSIA.**—The Russian Minister of Finance announces that during the first half of the present year the receipts of the Government increased 19,500,000 rubles, and that the expenditure decreased 23,500,000 rubles.

**GREECE.**—The amount of paper money in circulation in Greece on 31st of January last was \$18,830,000. At the same date the previous year the amount was \$14,360,000, an increase of thirty-one per cent. During the same period the stock of specie declined from \$2,700,000 to \$1,815,000. Thus the proportion of specie to the note issues fell from eighteen per cent. to ten per cent. during the time in question.

**THE BANK OF FRANCE** is having printed 60,000,000 of 100-franc bank notes at the printing office attached to the bank building. The new note has been drawn by the painter Baudry and engraved by Robert, and will, it is reported, be a marvel of beauty and elegance of its kind. The original drawing was three meters long by one and a-half deep, and when completed was photographed on a reduced scale to the size of a bank note. Robert was engaged on the work of engraving it for several weeks in the strictest seclusion, in an inner chamber in the bank.

**SAVINGS BANKS IN ITALY.**—The commission appointed to reorganize the Savings banks in Italy reports that the prosperity of these institutions is decided. In 1825 Italy had but thirteen Savings banks, with a capital of £100,000. Twenty-five years later there were eighty-six, with a capital of £1,600,000, and now there are three hundred and fifty-five, with £28,560,000 capital. Last year there were 3406 postal Savings banks, against 1989 in 1876, with 471,000 depositors of sums aggregating £2,600,000. Altogether, the savings of the Italian people are nearly £40,000,000, of which £15,000,000 belong to the province of Lombardy.

**ITALIAN FINANCES.**—The Italian finances are, in some respects, getting into better shape than they have been in at any time since the establishment of the kingdom, twenty-one years ago. Taxes, however, are exasperatingly high. In proportion to income, the Italian taxes, National, provincial and communal, have been estimated at thirty-five per cent. For many years there was an annual deficit, and a great increase of indebtedness, while a depreciated paper currency made matters no better. The fiscal administration is economical and honest, but economy and honesty cannot altogether take the place of wealth. A considerable amount of money is still raised by lotteries—an expensive resort for revenue purposes—and a species of gambling to which the lower classes are greatly attached, but which demoralizes them all the more. The manufacturing and commerce of Italy are in a healthy state, and Savings bank deposits are increasing.

**INCREASE OF EUROPEAN CAPITAL.**—The issues of new capital in Europe in the first half of 1882 are reported by the Belgian *Moniteur des Intérêts Matériels* to have amounted to \$317,972,000, of which \$147,190,500 were for railroads, \$59,993,000 for banks, &c., and \$110,788,700 for government

and municipal loans. The share of America in these was \$38,035,000 for railroads and about \$14,000,000 for government loans. As in this time about 5000 miles of railroad were built in the United States alone, besides considerable in Canada and Mexico, it is easy to see that this includes but a small portion of the capital invested in America. The largest issues of railroad capital for any country were \$44,118,500 in France, \$39,380,000 in Great Britain, and the \$38,035,000 above noted for "America," if we may call that a country. Next are \$10,701,000 in Germany and \$8,872,400 in Holland, leaving but \$16,000,000 for all the rest of Europe.

ENGLISH RECEIPTS AND EXPENDITURES.—The English financial statement for the year 1882-83 estimates the expenditures for the ensuing year at \$423,150,000, and the receipts from customs, excise on spirits, stamps, etc., at \$424,675,000. This is close figuring. In the fiscal year 1881-82 the receipts footed up \$429,110,000, and the expenditures were \$425,500,000, showing a surplus of \$3,500,000. The chief aim of the English Ministry is to provide enough money to meet the current expenses of Government and to pay the interest. The extinguishment of the debt is not aimed at.

THE BANK OF ENGLAND covers nearly five acres, and includes most of a parish, with the churchyard now known in bank parlance as "the Garden," and a very neat little garden it is. Long after it had ceased to be a burial ground, an ancient servant of the bank, of amazing stature, was buried there for safe keeping by request of his friends, who feared that some enterprising museum would go for his skeleton. The bank occupies the site also of the house and garden of Mr. Houblon, its first Governor, a Huguenot, of exemplary character, whose very wealthy descendants hold the estates he bought near London. The first Deputy Governor, Mr. Godfrey, nephew of the unfortunate Sir Edmund Berry Godfrey—not Sir Edmondsbury, as it is usually written—a famous magistrate, murdered in the Titus Oates days, was killed at the siege of Namur, whither he had gone on bank business, having insisted on accompanying William III to the trenches. The bank is guarded by a detachment of the Foot Guard, who take possession about 5 o'clock every evening. The officer on guard is allowed a handsome dinner for himself and two friends, with plenty of wine. but the friends have to depart at 11 o'clock. The men do not know who will be on the bank guard, so collusion is impossible. The building has no external windows, and contains acres of vaults. In the day time it is guarded by its own porters, and by policemen, many of them in plain clothes, who are always on the watch.

SOAP AS CURRENCY.—"How are you off for soap?" is a slang expression which originated in Mexico. I discovered that fact in rather a curious way. In one of the small towns I bought some limes, and gave the girl one dollar in payment. By way of change she returned me forty-nine pieces of soap, the size of a water cracker. I looked at her with astonishment, and she returned my look with equal surprise, when a police officer who witnessed the incident hastened to inform me that soap was the legal tender in many portions of the country for small sums. I examined my change, and found that each cake was stamped with the name of a town and of a manufacture authorized by the Government. The cakes of soap were worth one and a half cents each. Afterward in my travels I frequently received similar change. Many of the cakes showed signs of having been in the wash-tub; but that, I discovered, was not at all uncommon. Provided the stamp was not obliterated, the soap did not lose any value as currency. Occasionally a man would borrow a cake of a friend, wash his hands and return it with thanks. I made use of mine more than once in my bath, and subsequently spent them.

SIR JOHN LUBBOCK.—This famous banker is hardly less eminent in other fields than in that of banking. The intimate friend, neighbor, and landlord of Darwin, he has studied with a patience which vies with that of the great philosopher the habits of insects, until the whole reading world has come to associate his name with the doings of ants and bees, while, on the other hand, he has been no less assiduous a student of archæology, and has been the most

strenuous defender of Stonehenge against would-be despoilers, and the most ardent advocate of legislation for the protection of ancient monuments. In "the city" of London he is as well known as in the House of Commons, the London University, or the rooms of the Archæological and Entomological Societies. But here again he appears in a dual aspect. In bank parlors the versatile Baronet banker will go down to fame as the inventor of "the Bankers' Clearing-house," which has proved such a boon to all concerned, while he has earned even more lasting celebrity and popularity by his successful efforts in conferring upon London clerkdom the bank holidays, popularly known in the "realms of cockayne" as St. Lubbock's days. The first Monday in several of the summer months is now, through his exertions, a legal holiday in England, and a great boon this is to tens of thousands of weary toilers.

---

### KHEDIVE ISMAIL'S EXTRAVAGANCE.

The ex-Khédive found, on succeeding his uncle, a flock of geese that laid golden eggs, on which he had not counted. Manchester had to look for a cotton supply to Egypt while the civil war in the United States was raging. Ismail, intelligent as he was, could not understand that liberated blacks would work in cotton fields. He accordingly reckoned upon the new sources of revenue becoming permanent, and rushed into every kind of extravagance. He was not satisfied with real power and title of Viceroy. A mint of money was spent in buying of the Sultan the right to style himself Khédive, and to implant in the Valley of the Nile the Frankish law of primogeniture. Verdi was engaged to compose a National Egyptian opera, and produced "Aida," which was brought out at Cairo at his Highness's expense. Though profuse and luxurious, he was a hard ruler, and held the reins of government with a tight hand. Ismail was not a man to waste words. Ministers who displeased him were quietly sent away, and if they gave further trouble as quietly disappeared. With his sons he was a severe disciplinarian, but very kind to all the women of his family. Ismail, as Khédive, liked to dazzle influential foreigners, and nothing gratified him more than to read accounts of his profuseness in the European journals. He exercised a watchful surveillance over the telegraphic bureaus. The clerk who allowed anything to pass which showed the Khédive in a bad light was remorselessly broken. If he were not, Baron Reuter knew that his privilege would be taken from him. Showy hospitality was extended to literary people, savants, and artists. M. Viollet le Duc was taken up the Nile to the Cataracts in royal state. Pretty actresses and bouffe singers were not the worst treated. English Viceroys and Generals, going to India, found Cairo an earthly paradise. They were lodged sumptuously, their dinners being prepared by French *chefs*, and the bills all being paid by his Highness. If they went with parties to climb the pyramids a lunch which he had sent awaited them when they descended. Lord Napier, of Magdala, once turned aside from the route he intended following to pass a few days in the Egyptian capital. The Khédive got wind of his project through a telegram sent to the manager of Shepherd's Hotel which found its way into the papers. All his numerous palaces were occupied by relatives and distinguished foreigners. But he was determined that Lord Napier should be his guest, so he ordered a residence to be bought and furnished within twelve hours. When the General arrived he was taken to the improvised lodging, which was made ready at an expense of £ 30,000. Blood horses and carriages were in the mews. Dozens of servants were in attendance. They were ordered, under pain of flogging, not to ask for *backshish*. This wilful waste has not been followed by woful want. Ismail closed with full hands. He rides, it is true, at Vichy and at Naples in hack carriages, but this is because he spends a deal of money in keeping up the military party in Egypt. The wealth of Ismail is the explanation of Arabi's persevering boldness. This soldier of fortune is prompted by the ex-Khédive, who has not abandoned the hope of getting back to Cairo and there setting up again in business as a Pharaoh.—*London Truth*.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from September No., page 236.)*

NEW YORK CITY	Nassau Bank; paid capital \$500,000.
" " "	A. H. Brown & Co.; admit Theo. J. Cox.
" " "	A. R. Edey & Co.; dissolved.
" " "	Grant & Co.; dissolved. R. Suydam Grant continues. Style same.
" " "	Martin & Leask; now Martin, Leask & Co.
" " "	Pomeroy, Cox & Smith; William H. Cox, Jr., deceased.
ARK... Little Rock	Merchants' National Bank; paid capital \$250,000. Surplus \$53,000.
" " "	German Bank; cash capital \$250,000.
CAL... San Diego	Fairchild & Rainbolt; now J. A. Fairchild.
" .. Yreka	E. & H. Wadsworth; succeeded by Siskiyou County Bank. Jerome Churchill, <i>Pr.</i> Fred. E. Wadsworth, <i>Cas.</i> Capital \$100,000. Paid \$30,000.
COL... Bonanza	Bonanza Exchange Bank (A. G. Adams.); suspended.
" .. Denver	Denver Safe Deposit and Savings Bank; now Union Bank. Same officers. \$100,000. Paid \$75,000.
" .. Pueblo	Stockgrowers' National Bank; capital \$100,000. Surplus \$10,000.
" .. Salida	Bank of Salida.
" .. Silver Cliff	Custer County Bank, (Hartzell Bros.); closed.
KANSAS. Newton	Newton City Bank; now First National Bank. \$50,000. Same management.
" .. Wichita	Farmers' and Merchants' Bank; now Kansas National Bank. \$50,000. Same management.
" .. Williamsburg	Barthalow & Craik; now Barthalow & Co.
KY.... Catlettsburg	Witten & Davidson; suspended. G. M. Witten assigned.
MASS... Marlborough	First National Bank (158); now 2,770. Same management. \$300,000.
MICH... Crosswell	Sanilac County Bank; now J. M. Gaige.
" .. Ludington	Ludington State Bank; now First National Bank. Same officers and capital.
MISS... Canton	Canton Banking and Insurance Company; reported failed.
MO.... Versailles	Morgan County Bank (J. B. Kelsey & Co.); failed.
NEB... Fullerton	Fullerton State Bank; A. Edington withdraws.
" .. Grand Island	Charles F. Bentley; succeeded by First National Bank. Same management. \$50,000.
" .. Norfolk	Norfolk City Bank; now First National Bank. Same management. \$50,000.
" .. Omaha	State Bank of Nebraska; now Merchants' National Bank. Same officers. \$100,000.
" .. Schuyler	Farmers' Bank; now First National Bank. Same management. \$50,000.
" .. Seward	Seward County Bank; now First National Bank. Same management. \$50,000.
" .. Wahoo	Henry Anderson; succeeded by First National Bank. Same management. \$50,000.
N. Y... Arcade	B. F. Hurty & Co.; D. C. Beebe withdraws. No change of title.
" .. Canandaigua	Frank R. Durry & Co.; now Ontario County National Bank. Same management. \$50,000.
" .. Holley	Orange A. Eddy; now Pres't Exchange Bank. John Downs, <i>V. P.</i> G. M. Bowman, <i>Cas.</i>
TEXAS.. Terrell	Holt, Bivins & Corley; now Bivins and Corley.
VA..... Richmond	Richmond Banking and Insurance Co.; suspended. Charles E. Whitlock appointed Trustee.

- W. TER. Seattle..... George W. Harris & Co.; succeeded by First National Bank.  
Same management. \$ 150,000.  
WIS.... Neillsville..... J. L. Gates & Co.; succeeded by B. Dewhurst.  
ONT.... Oshawa..... Ontario Loan & Savings Co.; merged in Western Bank of  
Canada.  
" .. Toronto..... Alexander & Stark; now John Stark & Co.  
" .. " .. Kerr & Mackellar; now J. A. Mackellar & Co.  
" .. Tottenham .... W. S. Fuller & Co.; succeeded by J. M. Bastedo & Co.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 237.)

State. Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
ARK.... Pine Bluff.....	First National Bank .....	.....
	\$ 50,000 Charles M. Neel, <i>Pr.</i> Charles M. Neel, Jr., <i>Cas.</i>	
DAKOTA Lisbon .....	Bank of Lisbon. (Kindred, Green & Co.) Kountze Brothers.	
IOWA... Defiance.....	Citizens' Bank (H. Umphrey.) First Nat'l Bank, <i>Chicago.</i>	
" .. Iowa Falls.....	Commercial Bank..... First Nat'l Bank, <i>Chicago.</i>	
	\$ 25,000 John H. Carleton, <i>Pr.</i> William H. Woods, <i>Cas.</i>	
KANSAS. Belleville.....	First State Bank.....	.....
	George S. Simonds, <i>Pr.</i> W. H. Bell, <i>Cas.</i>	
" .. Lindsborg .....	Bank of Lindsborg .....	First Nat'l Bank, <i>Chicago.</i>
KY.... Louisville.....	Fourth National Bank ....	.....
	\$ 300,000 C. N. Warren, <i>Pr.</i> C. Warren, <i>Cas.</i>	
Mo. .... Adrian .....	Adrian Banking Co.....	Amer. Exch. Nat'l B'k.
	J. Scudder, <i>Pr.</i> C. L. Mills, <i>Cas.</i>	
N. Y... Clyde.....	Charles Hamilton.....	Chase National Bank.
" .. Sinclairville....	E. B. Crissey & Co.....	.....
W. T. .... Dayton .....	Columbia National Bank..	.....
	\$ 50,000 Levi Ankeny, <i>Pr.</i> Alex. McDonald, <i>Cas.</i>	
ONT.... Bracebridge .....	Muskoka Bkg. Co. (S. C. D. Roper.)	Bank of Toronto.
" .. Brantford.....	Swaissland Bros.....	Mercantile Nat'l B'k.
" .. Cornwall .....	Ontario Bank (W. J. Tully, <i>Mgr.</i> )	Nat'l B'k State N. Y.
" .. Duart .....	James Currie.....	.....
" .. Dundalk.....	W. Lucas & Co.....	.....
" .. Flesherton.....	W. Lucas & Co.....	.....
" .. Florence.....	Isaac Unsworth.....	.....
" .. Hanover.....	S. McNally.....	.....
" .. Mildmay.....	Carrick Banking Co. ....	.....
" .. Oshawa.....	Western Bank of Canada..	.....
MA.... Brandon.....	Imperial B'k Canada... (A. Jukes, <i>Mgr.</i> )	B'k of Montreal.
" .. Emerson.....	Ontario B'k (H. G. Evans, <i>Mgr.</i> )	Nat'l B'k State N. Y.
" .. Nelson .....	Sutton, Haley & Lafferty..	.....
" .. Port, la Prairie.	James McLenaghan & Co..	.....
" .. Rapid City.....	McLaren, Arnold & Co....	.....
" .. Winnipeg.....	B'k of Ottawa (F. H. Mathewson, <i>Mgr.</i> )	Goadby & Walker.
" .. " ..	Federal Bank Canada (T. Renwick, <i>Mgr.</i> )	Am. Exch. N. B.
" .. " ..	Moffatt & Caldwell.....	.....
N.W. T. Battleford .....	A. McDonald & Co.....	.....
N. S.... Acadia Mines .....	Halifax Bkg. Co. (T. F. Atkins, <i>Agt.</i> )	B'k of N. Y. N. B. A.
" .. " ..	Merch. B'k Halifax (Edw'd Walsh, <i>Agt.</i> )	" ..
" .. Shelburne.....	Halifax Bkg. Co. (W. G. Greenwood, <i>Agt.</i> )	" ..

MR. D. P. FACKLER—Actuary in Life Insurance matters and Auditor for Corporations—has removed to 20 Nassau Street.

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 235.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY. Hanover Nat'l B'k. }	James M. Donald, <i>Cas.</i> ...	.....
" " " Nat'l Citizens' B'k. }	William Halls, Jr., <i>A.C.</i> ...	J. M. Donald.
" " " St. Nicholas Nat'l Bank. }	William H. Oakley, <i>Pr.</i> ...	S. R. Comstock.*
	David C. Tiebout, <i>Cas.</i> ...	W. H. Oakley.
	Thomas C. Pollock, <i>Cas.</i> ...	A. Parkhurst.
	William J. Gafndner, <i>A.C.</i> ...	.....
ALA.... First Nat'l Bank, Montgomery.	S. M. Levin, <i>Cas.</i> .....	.....
ILL.... First National Bank, Chicago..	R. J. Street, <i>Second Asst. Cas.</i> .....	.....
IOWA... First National Bank, Lyons....	William Holmes, <i>Cas.</i> ...	D. Joyce.
" " Sioux Nat'l Bank, Sioux City.	D. T. Hedges, <i>V. P.</i> .....	.....
KY.... Louisville City Nat'l Bank, }	James S. Pirtle, <i>Pr.</i> .....	C. N. Warren.
" " " " " Louisville. }	W. S. Parker, <i>Cas.</i> .....	C. Warren.
" " " National Bank of Somerset....	Andrew Gibson, <i>Pr.</i> .....	H. H. Gibson.*
MICH... First National Bank, }	T. D. Dewey, <i>Pr.</i> .....	A. Gould.
" " " Owosso. }	M. Osburn, <i>V. P.</i> .....	T. D. Dewey.
NEB.... First National Bank, Omaha....	William H. Mequier, <i>A. C.</i> .....	.....
N. J.... Bordentown Banking Co. ....	H. H. Longstreet, <i>Pr.</i> .....	R. C. Hutchinson.*
N. Y. .. Genesee County Nat'l Bank, }	Jerome L. Bigelow, <i>Cas.</i> ...	C. R. Gould.
" " " Batavia. }	S. O. Gleason, <i>Cas.</i> .....	C. M. Wellington.
" " " Manufacturers' Nat'l B'k, Troy.	S. O. Gleason, <i>Cas.</i> .....	C. M. Wellington.
N. C.... Bank of Oxford.....	W. B. Gulick, <i>Cas.</i> .....	C. S. Easton.
OHIO... Exchange Nat'l B'k, Cincinnati.	B. F. Power, <i>Pr. pro tem.</i>	F. Ferry.
" " Farmers' Nat'l B'k, Ashtabula.	Henry E. Parsons, <i>Pr.</i> ...	O. H. Fitch.
PENN... Jefferson County Nat'l Bank, }	W. H. Gray, <i>V. P.</i> .....	.....
" " " Brookville. }	George T. Rodgers, <i>A. C.</i> .....	.....
" " " County National Bank, }	T. H. Forcey, <i>Pr.</i> .....	J. T. Leonard.*
" " " Clearfield. }	A. B. Shaw, <i>V. P.</i> .....	T. H. Forcey.
" " " National Bank of }	J. D. Cameron, <i>Pr.</i> .....	G. Smuller.*
" " " Middletown. }	D. W. Stehman, <i>Cas.</i> .....	J. D. Cameron.
" " " West Branch National Bank, }	Henry C. Parsons, <i>Pr.</i> ...	O. Watson.*
" " " Williamstown. }	.....	.....
TENN.. Mechanics' Nat'l B'k, Knoxville.	E. J. Sanford, <i>V. P.</i> ...	.....
TEXAS.. City Bank, Sherman.....	Joseph Bledsoe, <i>Pr.</i> .....	J. B. Fairchild.
VT. .... Merchants National Bank, }	Edward Lyman, <i>Pr.</i> .....	H. P. Hickok.
" " " Burlington. }	George Morton, <i>V. P.</i> ...	E. Lyman.
VA. .... Planters' Nat'l B'k, Richmond.	Charles E. Whitlock, <i>Pr.</i>	J. B. Davis.
ONT... Bank of Toronto.....	George Gooderham, <i>Pr.</i> ...	J. G. Worts.*
" " " Dominion Bank, Cobourg.....	E. S. Osler, <i>Agent.</i> .....	W. D. Burn.
" " " " Lindsay.....	Walter Darling, <i>Agent.</i> ...	N. H. Cowdry.
" " " " Uxbridge.....	R. M. Gray, <i>Agent.</i> .....	W. Darling.
" " " Ontario Bank, Whitby.....	G. Kerr, <i>Manager.</i> .....	T. Dow.
MA.... Merch. B'k Canada, Emerson..	G. W. King, <i>Manager.</i> ...	H. G. Evans.

\* Deceased.

INDIA.—India is Great Britain's most expensive colony. During eleven years of peace the ordinary debt of British India has been increased from £97,000,000 to £157,000,000. In the meanwhile £142,000,000 has been expended on canals and irrigation works, and 8,000,000 people have died of starvation, although the famine fund of £15,000,000 has been expended.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from September No., page 237.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2770	First National Bank..... Marlborough, MASS.	Samuel Boyd, V. P., F. L. Claflin.	\$ 300,000
2771	First National Bank..... Seward, NEB.	S. C. Langworthy, Thomas E. Sanders.	50,000
2772	Columbia National Bank..... Dayton, W. T.	Levi Ankeny, Alexander McDonald.	50,000
2773	First National Bank..... Ludington, MICH.	George W. Roby, George N. Stray.	50,000
2774	First National Bank..... Norfolk, NEB.	John S. McClary, Ira B. Donaldson.	50,000
2775	Merchants' National Bank..... Omaha, NEB.	Frank Murphy, Ben B. Wood.	100,000
2776	First National Bank..... Pine Bluff, ARK.	Charles M. Neel, Charles M. Neel, Jr.	50,000
2777	First National Bank..... Newton, KANSAS.	S. Lehman, A. B. Gilbert.	50,000
2778	First National Bank..... Schuyler, NEB.	Thomas Bryant, Morris Palmer.	50,000
2779	First National Bank..... Grand Island, NEB.	Samuel N. Wolbach, Charles F. Bentley.	50,000
2780	First National Bank..... Wahoo, NEB.	Henry Anderson, Peter Anderson.	50,000
2781	Second National Bank..... Altoona, PENN.	John B. Levan, Harry A. Gardner.	100,000
2782	Kansas National Bank..... Wichita, KANSAS.	Hiram W. Lewis, Albert A. Hyde.	50,000
2783	First National Bank..... Seattle, W. T.	George W. Harris, W. I. Wadleigh.	150,000
2784	Fourth National Bank..... Louisville, Ky.	C. N. Warren, Charles N. Warren.	300,000

WHERE THE WORLD'S SPECIE IS.—On the 6th of July, 1882, the gold and silver bullion, specie and paper circulation of the following leading banks of Europe and of the City of New York, were as understated :

	<i>Gold.</i>	<i>Silver.</i>	<i>Silver &amp; gold.</i>	<i>Paper.</i>
Bank of France.....	\$ 194,770,000 .	\$ 232,036,000 .	\$ 426,806,000 .	\$ 539,515,000
Bank of England.....	— .	— .	120,462,000 .	197,479,000
Imperial B'k of Germany	— .	— .	142,480,000 .	206,995,000
Netherlands Bank.....	— .	— .	47,465,000 .	76,435,000
National B'k of Belgium	— .	— .	18,650,000 .	66,605,000
Bank of Spain.....	— .	— .	29,885,000 .	65,675,000
Austro-Hungarian Bank.	— .	— .	32,395,000 .	171,645,000
Italian Bank of Emission	— .	— .	26,400,000 .	135,065,000
National Bank of Italy..	— .	— .	23,965,000 .	82,215,000
Swiss Concordat Banks.	— .	— .	8,150,000 .	17,375,000
Bank of Russia.....	— .	— .	125,430,000 .	629,730,000
N. Y. Associated Banks.	— .	— .	55,100,000 .	18,500,000
Total accounted for...	— .	— .	\$ 1,057,188,000 .	\$ 2,202,269,000

## NOTES ON THE MONEY MARKET.

NEW YORK, SEPTEMBER 30, 1882.

*Exchange on London at sixty days' sight, gold 4.85%.*

The most noteworthy feature in the money market during the month has been the advance in rates of interest. The bank reserves are lower than they were at the corresponding period last year, yet the volume of the currency in the country is considerably larger than it was at that time. It is true while the foreign trade for the last fiscal year was not so profitable as in former years, yet the total export of gold over imports was less than \$7,000,000, and the increase in the production of bullion was more than \$30,000,000. From this source alone, after deducting for the portion directed into the channels of manufacture, the volume of currency was doubtless somewhat enlarged. Silver certificates have been issued to a large amount, and the National-bank issues have increased about \$15,000,000 within two years. Why, then, should the currency in circulation in New York run so low at this time?

Several reasons may be assigned in the way of answer. First, larger sums than usual were sent West last year to sustain speculation in grain. This money has not all returned yet. It has found permanent employment there. When rates fell off in New York during the Spring and Summer, there was less inducement to recall it, and so a great deal of the money thus sent has remained. One proof of this lies in the fact that the interior complains less than formerly of the lack of money, and rates are lower than they usually are at this season. Another fact pointing to the same conclusion is that the New York banks held at the beginning of the present season \$20,000,000 less in deposits than they did a year ago.

The railroads, too, that are building, absorb large sums. It is true, that the money thus expended soon returns to trade, except the sums expended for labor and foreign materials used in constructing the Mexican roads. Still, this outlet has some effect in increasing the scarcity of money.

But another potent cause for the money scarcity is seen when we look into the National Treasury. Nearly \$40,000,000 are held there for the redemption of notes of National banks that are in liquidation, or have failed, or are reducing their circulation. As much more is deposited there as a "five-per-cent fund," to redeem called bonds and discharge interest, and for other purposes. Such are some of the reasons why more is asked for the use of money.

Yet, as a good authority says, "it is not believed that there is such a scarcity of money at the present time as to justify the stringent rates demanded for call loans and business paper, but the bank reserves, through the demand for currency from the interior, and the constant drafts for revenue purposes, being so low, sharp manipulators of the market for the furtherance of their designs in stock speculations are enabled to make the possibility of the loan market a reality, and put rates at such figures as best suits their purpose. Money is undoubtedly working close from the causes recited, from the increase in trade,



and possibly through other causes not quite so apparent, and the banks, under the most liberal accommodation that would be sanctioned by prudent management, would be somewhat perplexed to meet the demand of their customers. Consequently the manipulation of the loan market becomes a matter of comparative ease."

The fact above mentioned that the high rates which have prevailed of late are due very largely to speculation is no doubt correct. There are good reasons for believing that Jay Gould is at the head of a party who have been depressing stocks with a view to making purchases when they fall low enough. Of course to effect this end money must be made scarce, if possible, and these operators, it must be confessed, have been quite successful in making it so. The rumors about cutting the rates of railway freights and fares and the consequent apprehensions of a renewal of railway wars—and especially of the threatened fight between the Western roads from Chicago to St. Paul and to Omaha—have been started for the same reason. It is believed that the prominent professional speculators are out of stocks, and they do not feel inclined to load up again for another rise until there has first been a decline and the "outside public" have been "shaken out." The general public are unquestionably the support of prices at the present time.

The action of the Secretary of the Treasury in coming to the rescue of money borrowers is favorably regarded in some quarters, but not everywhere. On the 29th of August he issued the 116th call for bonds which embraced the residue of the three and one-half per cents. issued under the Act of March 3, 1863, that had not been converted into the threes. The amount was about \$3,500,000, and they were to be paid on the 4th of October. On the 5th of September was issued an order directing the payment without rebate at the Sub-Treasury in New York the bonds embraced in the 115th call. Then on the 23d was issued the 117th call for the redemption of the five-per-cent. funded loan of 1881. This call was for \$25,000,000, the principal and interest to be paid on the 23d of December. The numbers called were: \$50,851 to 1,592; \$100,7,101 to 13,222; \$500,3,501 to 5,923; \$1,000,14,501 to 20,507; \$5,000,4,125 to 5,776; \$10,000,13,801 to 18,402; \$20,000,1,820 to 2,241; \$50,000,5,221 to 6,033.

This call was issued on a Saturday. The following Tuesday the Secretary sent an order to the Acting Secretary stating that the rate of mercantile paper was such that the Government should at once release money from the Treasury. The Assistant Treasurer in New York was ordered to anticipate the payment of any called bonds, without rebate of interest, at the rate \$5,000,000 per week until otherwise directed, beginning on the 27th. This action of the Treasury has eased the money market somewhat, but after all, the stock operators for a decline of prices are just now the more potent in controlling the rates for money.

The active rates for loans are attracting capital to this city from other Eastern money centers and from Canada, and the rates of foreign exchange are declining, and, from the increase in commercial bills, will probably recede to a point that will cause gold to move this way, notwithstanding the advance in the Bank of England and Continental rates of discount. It was supposed that the ending of the Egyptian war would cause a decline in the Bank of England rate, but its holdings of gold are steadily shrinking, consequently the bank rate

has been advanced. Domestic produce, with the exception of grain, comes forward slowly, but the assurance that crops made and maturing are larger, on the whole, than in any former year sustains confidence in the correspondingly large trade to come with the advance of the season. Abundant crops are the basis of trade, and the forerunner of a business for the railroads such as they have enjoyed in no former year. Traffic rates are fair and generally higher than at this time last year, and are likely to be maintained through the season, with the prospect of an advance on the closing of navigation.

It may be added that the rates for commercial paper were higher during the last week of the month than at any other time since 1873. The following comparison made by the *New York Tribune* shows the rates during each week of September for several years, as quoted in the commercial journals:

	<i>First.</i>		<i>Second.</i>		<i>Third.</i>		<i>Fourth.</i>	
1882.....	6	@6½	..	6	@6½	..	7	@9
1881.....	5	@6	..	5	@6	..	5½	@6
1880.....	5	@5½	..	5	@5½	..	5	@5½
1879.....	5½	@5	..	5	@6½	..	5	@6½
1878.....	4	@5	..	4	@5	..	4	@6
1877.....	5½	@7	..	6	@7	..	5½	@7
1876.....	4	@5	..	4	@5	..	4	@6
1875.....	5	@6	..	5½	@6	..	5½	@7
1874.....	6½	@7½	..	6½	@7½	..	5½	@6½

The month closes with the reports of an unusual number of failures, and some manufacturing establishments have been obliged to stop work, especially in branches which have not been relieved by strikes and suspension of work during the summer. Though business is generally active, its tone is not quite as good as it was a short time ago, and dealings in dry goods and some other departments have been affected by tight money, and in grain, provisions and petroleum by speculation.

The reports of the New York Clearing-house banks compare as follows:

1882.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
Sept. 2...	\$ 332,359,500	\$ 54,241,900	\$ 22,840,400	\$ 308,953,300	\$ 18,292,000	* \$ 156,025
" 9...	329,907,700	51,552,100	22,361,500	303,187,500	18,320,700	* 1,882,275
" 16...	326,570,300	52,632,700	21,811,400	301,824,300	18,371,200	* 1,011,975
" 23...	322,688,600	51,018,500	21,057,000	297,389,300	18,637,400	* 2,271,825
" 30...	319,397,000	48,423,000	21,646,800	288,628,900	18,799,800	* 2,087,425

\* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1882.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Sept. 2.....	\$ 150,739,900	\$ 5,546,600	\$ 3,637,500	\$ 89,486,200	\$ 30,003,100
" 9.....	149,148,300	5,804,700	3,517,100	90,108,000	30,204,500
" 16.....	149,741,000	6,110,200	3,232,300	91,428,700	30,278,800
" 23.....	148,621,800	6,305,800	3,358,300	90,158,700	30,148,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1882.	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Sept. 2.....	\$ 77,937,513	\$ 19,328,892	\$ 70,511,183	\$ 9,503,170
" 9.....	78,654,763	19,708,910	70,741,819	9,590,470
" 16.....	78,751,470	19,671,691	71,760,109	9,654,670
" 23.....	78,788,509	19,113,978	71,834,330	9,706,161

We append the usual quotations of leading stocks for the month :

QUOTATIONS:	Sep. 7.	Sep. 14.	Sep. 22.	Sep. 30.
U. S. 5s, 1881, Coup...	101 ..	101½ ..	101½ ..	101
U. S. 4¼s, 1891, Coup.	113 ..	113½ ..	113 ..	112½
U. S. 4s, 1907, Coup...	119¾ ..	120 ..	120½ ..	119¾
West. Union Tel. Co...	90¾ ..	92¼ ..	88¾ ..	88¾
N. Y. C. & Hudson R.	134½ ..	137 ..	133½ ..	132½
Lake Shore.....	113½ ..	114½ ..	115½ ..	115
Chicago & Rock Island	136 ..	137½ ..	136 ..	133½
New Jersey Central...	79½ ..	81½ ..	79 ..	76½
Del., Lack. & West...	146½ ..	148½ ..	144½ ..	138½
Delaware & Hudson...	115½ ..	116½ ..	114½ ..	113½
Reading.....	63 ..	65 ..	63½ ..	64
North Western.....	147½ ..	148½ ..	145½ ..	163
Pacific Mail.....	45½ ..	46½ ..	44½ ..	43½
Erie.....	39½ ..	43½ ..	40 ..	41½
Discounts .....	6 @ 6½ ..	6 @ 6½ ..	7 @ ..	7 @ 8
Call Loans.....	5 @ 6 ..	6 @ 7 ..	7 @ 12 ..	5 @ 8
Bills on London.....	4.84@4.88½ ..	4.83½@4.88½ ..	4.82½@4.87½ ..	4.81@4.85½
Treasury balances, coin	\$86,830,562 ..	\$85,281,007 ..	\$86,699,951 ..	\$87,874,324
Do. do. cur.	\$5,575,963 ..	\$6,241,626 ..	\$6,144,373 ..	\$4,288,904

## DEATHS.

At NEW YORK CITY, on September 22, aged seventy-four years, SYLVESTER R. COMSTOCK, President of the National Citizens' Bank.

At SOMERSET, Ky., on September 2, aged forty-three years, H. H. GIBSON President of the National Bank of Somerset.

At PORTSMOUTH, N. H., on July —, aged eighty-seven years, ICHABOD GOODWIN, President of the First National Bank.

At CORRY, Penn., on June 12, aged fifty-four years, A. W. HECKER, Cashier of the First National Bank.

At ASHTABULA, Ohio, on September 17th, aged seventy-nine years, ORAMEL HINKLEY FITCH, President for thirty-four years of the Farmers' National Bank, and of its predecessor, the Farmers' Branch of the State Bank of Ohio.

At YARDVILLE, N. J., on September 4, aged eighty-two years, ROBERT C. HUTCHINSON, President of the Bordentown Banking Company.

At CLEARFIELD, Penn., on July 25, aged eighty-two years, JAMES T. LEONARD, President of the County National Bank of Clearfield.

At MIDDLETOWN, Penn., on August 19, aged seventy-six years, GEORGE SMULLER, President of the National Bank of Middletown.

At WILLIAMSPORT, Penn., on September 18, aged seventy-one years, OLIVER WATSON, President of the West Branch National Bank.

THE  
**BANKER'S MAGAZINE**  
AND  
*Statistical Register.*

---

VOLUME XXXVII.

NOVEMBER, 1882.

No. 5.

---

**MONEY AND THE SUB-TREASURY.**

The annual howl is in progress concerning the action of the New York Sub-Treasury in locking up money, and of the dire disasters attending the policy. The cry is a very old one, and the wonder is, since the Treasury has done the same thing so many times before, and is likely to do the same thing with so much regularity hereafter, that persons do not prepare for the event just as they prepare for other events which are regarded as likely to happen. The Sub-Treasury system has been in existence more than thirty years and its mode of operations is perfectly well known; it would seem, therefore, that business men ought long ago to have learned enough to make their calculations in expectation of the probable course of the Sub-Treasury. If they have not learned to do so by this time, so much the worse for them.

But we believe that most of them have learned quite enough to conduct their business wisely and to guard against the evils of a periodical excessive accumulation of money in the National Treasury. They suffer, perhaps, to some extent from this event, but we do not believe that their sufferings are long or often serious. They know what is likely to happen every year and they provide for their wants in advance. Those who do not, of course, suffer, but the number of such we imagine is small compared with the rest.

But there are sufferers, loud and numerous, who would undoubtedly be benefited were money always abundant and obtainable at low

rates. We mean one of the two classes into which speculators are divided. One class desires cheap money, while the other does not. Most of the complaints against the Government for diverting money away from business come from the speculative class who are to gain by increasing the monetary supply. We do not mean to say they are the only ones who are clamoring for more money, but their voices are loudest. The Sub-Treasury system is indeed imperfect, but it is much better than the system it supplanted, for now the Government knows how much money it has, while under the old system it did not know whether it had any money or not. Theoretically, its books contained an answer, but as long as the deposits were held by the banks and were loaned out by them, the Government did not actually know what was the real condition of the Treasury. The country is not likely ever to return to that system, and there is no reason why it should. If the system of keeping the Government deposits should be changed, the first consideration ought to be, safety. Until a way can be found of keeping them securely, they had better remain as they are.

Admitting that the present system is defective, and that those engaged in legitimate business suffer in consequence, nevertheless they suffer far more from the nefarious operations of speculators. This is the most important fact involved in the subject, and which ought to be brought more clearly into light. The absurdity of laying all the ills from which business has recently suffered to the Sub-Treasury is apparent from a single consideration. The amount of money held by the Treasury in excess of what it usually holds is not very large. Not long since, when the Government offered to pay certain bonds without rebate, about five millions were presented for payment. But in paying these no great relief was felt by money borrowers. Now, if the Sub-Treasury works so much mischief by locking up a few millions more than usual, surely the disbursement of a part of this sum ought to have given great relief. In fact the action of the Treasury had no such effect. And the reason plainly was, the high rates of interest and demoralization of the money market generally were the effects of another and far more potent cause than the unusual accumulation of money in the Sub-Treasury.

The diversion of money into speculative channels and the movements of speculators in manipulating the money market produce a greater effect on the rates of money than the action of the Sub-Treasury. Those who are opposed to the Government keeping any money ought to be opposed still more strongly to the speculators having it, if sincere and honest in their criticisms. The public good will not be subserved by transferring the public money from the Government vaults to the pockets of speculators. Bad as the present situation may be, such a change would yield still worse results.

The thing first in order, therefore, is to check speculation if possible. If this can be done, business men will get infinitely more relief than they can through any reform of the Sub-Treasury.

But it is said, can anything be done to check speculation? Certainly there can be. Declare future sales, not accompanied by actual delivery, void, and the future sales of stocks void in any case, and a blow would be struck at the root of the evil. Those who have studied the subject at all know this. Why, then, is it not done? Because, great as are the evils arising from speculation, they must become worse before the people will move in the matter. The difficulties of those who are engaged in legitimate business are yearly increasing, and after a time they will be so serious that a general movement to check speculation will be begun. When that time comes, this giant evil will be surely throttled; in the meantime, let people try to learn and honestly acknowledge what is the true cause of their sufferings and not wrongly ascribe them to some other.

---

### THE NEW SCHEME FOR EXCHANGING GOVERNMENT BONDS.

In the present number may be found Senator Jones' scheme to exchange the Government four-per-cent. bonds for three per cents. and his reasons why the exchange should, if possible, be effected. No one questions the fact that in New York and other large cities the profits of the banks are derived chiefly from their deposits, and the circulation, as a rule, is taken out more for the accommodation of customers than for the gain there is in it. In the country, however, the banks depend largely upon their circulation for profit and they complain that the high premium at which Government bonds are selling makes it difficult for them to carry on their business. A great many banks, in fact, have given up their circulation on this account, and new banks, in many cases, decline to take out any.

Senator Jones' scheme is intended primarily for the benefit of the National banks, and the first question that arises is, would the plan, if adopted, be likely to operate in the way the Senator imagines; and, secondly, would the Government be justified in effecting the conversion of bonds in the manner proposed.

At the outset it may be remarked that the banks which adopted the National-bank system were able to get the bonds required as a basis for their circulation without paying a premium. As the Government credit improved and the price of its obligations rose, many banks sold their bonds, believing that they could make more money

by doing so than by keeping them longer. They were at perfect liberty to sell them, such action was in every respect within the scope of their powers, and no one had any reason for finding fault with them for so doing. They figured the profits of the transaction, and were willing to take their chances of buying again at more favorable rates if further purchases should become necessary. The Government has refunded bonds on an enormous scale since the banks were first organized, and their bonds have been called in, but throughout the entire period of refunding, those banks which adopted the National-banking system in the beginning have been able to preserve, if they desired to do so, the basis of their circulation without paying any bond premium.

The only banks, therefore, which have been obliged to pay more than the face of the bonds in order to procure them as a basis for circulation are the banks organized since the bonds began to bear a premium. With respect to these, of course, they were not obliged to organize; the stockholders did so because, looking over the great field of business enterprise, they believed that, notwithstanding the premium, that must be paid to buy the bonds required, they could probably make more money in National banking than in any other business.

It is clear, therefore, that there is not the slightest obligation on the part of the Government to provide bonds on more favorable terms to those who wish to organize banks, or to continue the banks already existing. If the banks are holding to-day far more threes than fours, the reason is, that considering all the elements entering into the problem they believed more money could be made by pursuing the course they chose than any other. If it is now seen that a mistake was made and that the fours ought to have been purchased when they commanded no premium, neither any bank nor the Government is to be blamed,—events simply did not unfold themselves in the way it was expected.

Is it then expedient for the Government to effect the exchange? The payment of the necessary premium by the Government to get the bonds, it is asserted, would occasion no loss, because the new bonds would bear a less rate of interest, and whatever was paid in the way of premium would be saved in the future interest account. But this calculation rests on the theory that the present high premium will continue and that no way can be discovered to induce the holders of these bonds to exchange them or sell them to the Government on better terms. This theory, which must be held in order to justify the scheme, assumes a great deal. Now it is by no means certain that the present premium will be maintained. The demand for capital may be so strong and attractive that the holders of these bonds may wish to part with them. Again, nothing is more uncertain than the action of Congress. So

many things are done by that singular body, that no seer can tell what is likely to happen. But during the next ten years a great many events are sure to occur, and the Government will hardly be placed in a less advantageous position to buy bonds than it occupies to-day. The Government is not reduced to the single expedient of paying the present premium on the fours in order to get them; it can make several offers to the holders possessing attractive features. With its vast resources and credit the Government can operate very differently from the ordinary debtor in discharging its obligations.

It is said that a four-per-cent. bond having twenty-five years to run, and which costs the investor \$117.50, is exactly the equivalent in value of a three-per-cent. bond costing \$100 which runs for the same period. In this is to be found the basis on which the Government would make the exchange, giving to each holder new bonds of a face value sufficient to yield in the long run, at three per cent. just as much as the present bonds would yield at the higher rate. In other words, the Treasury will have to pay in all, principal and interest, \$2000 for every one-thousand dollar four-per-cent. bond outstanding, and this being so, it is immaterial whether it pays less for interest and leaves a larger sum in the way of principal to be redeemed at the end of the twenty-five years, or pays the present high rate of interest and leaves a smaller portion of the \$2000 to be paid as principal at the expiration of that period. Of course, this reasoning would be true if the premium were to remain at its present height during this entire period, but not otherwise. Why should the Government buy these bonds when the market is so high? No loss is likely to accrue from waiting; on the other hand, the Government has everything to gain.

Turning now to the banks, will they be benefited by the adoption of this scheme? The case of a small bank is taken for illustration, holding \$100,000 of four per cents., which it has bought at the present market value of 120. It has a capital of \$120,000 tied up, on which it is entitled to \$90,000, that being ninety per cent. of the face value of the bonds. If this bank should receive \$120,000 of the new bonds in exchange for its \$100,000 fours, it may issue additional notes to the extent of ninety per cent. of its increased deposit, or \$108,000—a gain of \$18,000 in circulation.

A very important fact has been left out of this calculation which changes the nature of it entirely. Under the new bank act bank-notes can be issued "in amount to ninety per cent. of the current market value" of the bonds purchased to form the basis of circulation. Now what matter is it to a bank whether it buys \$100,000 of three-per-cent. bonds paying par for them and receiving \$90,000 of circulation, or buys \$100,000 of four-per-cent. bonds



paying \$117,500 for them and receiving \$105,750 of circulation? Would not the purchase in the one case yield substantially the same results as in the other? The banks, therefore, would receive no substantial gain by the new scheme, surely the Government would not, why then is it worth while to attempt it?

It is true that, under the law as finally enacted, no bank can get more notes than the par value of its bonds, but Congress could not reasonably oppose an amendment allowing the issue of notes to the amount of ninety per cent. of the current value of the bonds deposited as security. What may be the capital of the bank issuing them is of no consequence. The bonds are deposited solely to secure the circulation, and as long as ten-per-cent. margin is left between the value of the bonds and the amount of notes based on them, the note holders are amply secured.

But it said that the banks are very desirous to have the scheme brought to a legal consummation. Perhaps they are. If so, what is the real reason? We imagine the true reason is that they are afraid to buy the four per cents. at the present premium. They fear a decline in price, and do not wish to lose. No wonder they hesitate to buy at the present prices. But if they felt assured that the premium would not decline, it would be just as expedient for them to buy the fours and pay the premium as to buy the threes at par.

But the reason which leads banks to hesitate in buying the fours at present prices, is the very reason which should lead the Government to imitate their example. The Government has no stronger interest to pay the premium in order to get them than have banks or individuals. The wise course is the same one for all. However desirable it may be to increase the circulation, a way can be found less costly to the Government and equally safe for the people.

---

**PRIVATE BANKING.**—It appears that the capital engaged in private banking is increasing in much greater proportion than that engaged in National banks, the total of the former for the year 1882 aggregating \$222,000,000 against \$477,000,000 of the National banks, while the increase of private banking has increased \$32,000,000 against \$17,000,000 of the National. The deposits of National banks, were increased last year by \$35,000,000, while the increase in the deposits of private banks reached \$238,000,000.

These figures would seem to indicate that National banking is now not so profitable as private banking; at least, for some reason, the advantages which the National banks enjoy of issuing currency based upon bonds, do not seem to be a consideration with bankers. On the other hand, the tendency of deposits to private banks is not looked upon as a healthy feature of banking, the higher rate of interest offered by them no doubt being the incentive that attracts large deposits. It must be admitted, however, that the National banks enjoy the best advantages in the long run.—*Boston Commercial Bulletin.*

## ADVANTAGES OF PAYING THE NATIONAL DEBT.

Since the beginning of November, 1879, the United States have paid off \$400,000,000 of the bonded National debt. As the principal part of that debt is held at home, nearly the whole of this \$400,000,000 has been received by American citizens, and has been reinvested by them in State, county, municipal and railroad bonds, and in mortgages upon real estate, and some of it, perhaps, in purchases of real estate, in subscriptions to railroad stocks, in the erection of houses, factories, mills and warehouses, and in industrial enterprises. It may be safely assumed, however, that the great bulk of their reinvestments has been rather in securities, than in business operations involving personal attention, care and risks. The fact that the \$400,000,000 had been previously held in the form of United States bonds is a decisive proof that the owners of it were persons, or corporate associations of persons, who, at any rate, in respect to that proportion of their total capital, preferred to receive a moderate and reliable income from it, without anxiety and effort on their part, to seeking a larger income in investments attended with more hazards and requiring constant watchfulness.

Accompanying this diminution of \$400,000,000, within three years, in the aggregate of the United States bonds in existence, and the transfer of that sum to the holding of other public securities and of mortgages upon real estate and of railroad bonds, there has been a decided fall in the rate of interest at which money can be obtained upon credit, or pledges, generally regarded and accepted as sound. In the annual report of December, 1879, of the Secretary of the Treasury, Mr. Sherman, it was insisted, upon the facts of the then situation, that the United States Government could not borrow at a less rate than four per cent. and not even at that rate without creating bonds, irredeemable for thirty years. To-day, with a credit not improved, inasmuch as it was absolutely perfect three years ago, its three-per-cent. bonds payable at its pleasure command a small premium, and its four-per-cent. bonds payable in twenty-five years command a premium of twenty per cent. There has been a corresponding fall in the rate at which money can be borrowed upon all newly-created securities, which command public confidence, and what is the same thing, a corresponding rise in the market price of such securities heretofore created. The States are refunding debts at four per cent. or even less. Connecticut sold, a few weeks ago, its twenty-year three and a-halves at a premium, which made the actual interest on the money received only 3.32 per cent. Cities

are selling their four-per-cent. bonds at premiums. The City of Chicago, which a few years ago could not dispose of a seven-per-cent. bond at par, is now able to borrow at three and a-half. The railroads are now borrowing at five and six, instead of eight and ten as formerly, and the Pennsylvania Central was able, in making its recent purchase of the Philadelphia, Wilmington and Baltimore road, to make a \$10,000,000 loan at four per cent. The rates upon pledges of real estate are also falling, in recognition of which fact the State of New York has reduced the maximum rate, lawful upon time contracts, from seven to six per cent. Railroad bonds, of the old issues, and at the old interest rates of six, seven and eight per cent., now command premiums in some cases very considerable. To illustrate this by the case of a railroad whose mortgage bonds have been always accepted as a perfect security, the sixes of the New York Central Railroad payable in 1887, sold during the year 1881 at an average premium of about eleven and a-half, whereas, during the year 1878, when they had three years longer to run, they sold at an average premium of only about five.

In the case of States, counties and cities, which are not increasing their aggregate indebtedness, the benefit of the reduction of the current rate consists in the diminished charge of their existing debts, which aggregate in round numbers one thousand million dollars. The fall in the interest rate on that class of securities may be fairly stated as averaging two and a-half per cent., or from (say) an average of six and a-half to an average of four per cent., which would be upon the whole amount \$25,000,000 annually. Unfortunately for them, it is the charge upon only a part of their debts, which is reducible by refunding. Another part is in longer bonds upon which the time has not arrived when they have the right to refund. But the relief already realized is very great, and it is not too much to say, that without this actual relief, and the expectation of further future relief of the same kind, many municipalities now maintaining their credit would have given up the struggle and have gone into bankruptcy.

In the case of the railroads, the relief in the way of refunding old debts at lower rates, although it will be large when all their old debts mature, so that they can be refunded, is now most important in reducing the cost of borrowing money for new railroad construction, and for new expenditures in improving the capacity and efficiency of old railroads. Without the enormous aid given to the loan markets by the payment of \$400,000,000 of the National debt, within the past three years, no such additions to the railroad mileage of the country as have been witnessed during that period would have been possible, and the terms exacted for the loans of money required for such additions as would have been possible at all, would have been so onerous as to leave nothing for the

projectors and promoters of such enterprises, and nothing for stockholders in them. When the present era of railroad development commenced two and three years ago, the financial journals, looking only to the experience of 1870-1-2, were unanimous in predicting a severe pressure in the loan markets, whereas, in fact, whatever may have been the temporary gyrations up and down of call money in stock markets, the rate of interest upon investment securities has been all the time since steadily, although slowly, falling. Capital has been obtainable at moderate rates. The reason is not far to seek, but is in plain sight of those who do not shut their eyes to it. The \$400,000,000 paid on the National debt since November 1, 1879, may not be equal to the total expenditure within that period in building new railroads and improving old ones, but it is more than equal to the excess of that expenditure above an amount which would not be felt as a strain upon capital, even in times of the least prosperity.

The progress of railroad construction in the United States is shown by the following statement.

Years.	Miles built.		Years.	Miles built.		Years.	Miles built.		Years.	Miles built.
1867..	2,449	..	1871..	7,379	..	1875..	1,712	..	1879..	4,721
1868..	2,979	..	1872..	5,878	..	1876..	2,712	..	1880..	7,174
1869..	4,615	..	1873..	4,107	..	1877..	2,281	..	1881..	9,358
1870..	6,070	..	1874..	2,105	..	1878..	2,687	..		

During the first nine months of 1882, there have been 8,075 miles of new railroad constructed, and the total for the year is estimated by the *Railway Age* at 10,500 miles.

*Poor's Manual* makes the railroad debts 2459 millions in 1876 and 3103 millions in 1881. The apparent new borrowings during the five years were thus 644 millions, but they were very much more than that, as many of the debts reckoned in 1876 were second and third mortgages, which had been completely wiped out and extinguished by foreclosures of first mortgages during the disastrous period which immediately followed.

On the 16th of September, 1880, the *New York Commercial Bulletin* observed:

We are building perhaps more railroads now than at the most excited period of the great railroad inflation. Schemes that broke down in 1873 are now being pushed to completion and many new ones are being vigorously prosecuted; and yet, for all this work, scarcely a dollar of capital has been asked in London, or Paris, or Frankfurt. The money is raised at home, at comparatively low rates of interest, and with an absence of effort or display that suggests the wonder where all the capital comes from.

Commenting in November, 1880, upon the foregoing paragraph, the *New York Banker's Magazine* made the following observations, which are pertinent to be reproduced here.

A part of the capital which sustains the existing progress in railroad building comes, without doubt, from that growth of wealth, which is the normal condition of civilized countries in times of peace. But it is plain to be seen that the redemption of more than one hundred millions of the public debt during the past year has been the special circumstance which has rendered it possible to sustain the current progress of public enterprise, without going to foreign loan markets, or pressing and contracting the domestic loan markets. Every million of Government bonds paid off, is so much of a new supply for investment in something else.

Payments on the National debt make no addition to the money in the sense of the currency of the country. Collecting taxes and liquidating public obligations with the proceeds, does not change the volume of the monetary circulation at all. What it does is to create new capital which would not otherwise exist, by massing together innumerable small sums, taken from the current income and revenue of the tax payers, and for the most part representing current savings which would not have been made if the taxation had not been imposed. To quote the language of Ricardo (article *Funding System*, in the eighth and prior editions of *Encyclopædia Britannica*):

There would be in consequence of the operation [of paying the debt], a great increase of capital; every year an additional portion of revenue would be turned into capital.

This effect of paying off a National debt held at home, to diminish the rate of interest upon capital borrowed upon private securities, has always been perfectly understood in Great Britain. It is an effect which is deprecated by the classes which have been for a century past the most potential with the Government of that country, and for a long time they did not hesitate to avow that their opposition to the payment or even reduction of the British debt was based mainly upon their belief that such payment or reduction would make money too abundant and easy of access in the loan markets. [See Appendix.] They are really governed to-day by the same views, although they find it to be now more politic, since the reform in Parliamentary representation and the extension of the right of suffrage have infused more of the popular element into the British Government, to place their opposition to the payment of the National debt upon the ostensible ground of their solicitude to save the taxpayer from too-heavy burdens.

In this country, in all the quarters where attention is practically called to it, there is no misunderstanding or disagreement as to the effect of steady and large payments on our public debt, to make it more easy and less costly to borrow money upon other securities, and thereby to stimulate such enterprises as that of railroad building, in which large amounts of capital are required. That effect is regarded with favor by an immense numerical majority of

the men doing business in Wall Street, although it is of course not specially agreeable to persons there or anywhere else who are merely investing capitalists. In this connection it is pertinent to reproduce what was said by two New York City journals on the evening of the 8th of last August, when Congress adjourned without doing anything to reduce the public revenues.

The money article of the *Evening Post* of August 8, had the following:

The news from Washington that Congress adjourns this afternoon had an almost magical effect on the Stock Exchange markets, . . . The most important fact for the Stock Exchange is, that Congress has failed to reduce taxes—which means the continuance of large surplus revenues, a continued reduction of the public debt, and an expulsion of money from United States bonds into other securities. . . . The stock market in the last hour was strong and buoyant.

The *Herald* money article dated on the evening of the 8th of August, says:

The chief force in advancing the market was the announcement that Congress would adjourn this afternoon. This instantly infused new life into the trading. Aside from the fact that the adjournment relieves particular corporations, for a time at least, from the fear of adverse legislation, it was regarded as encouraging higher prices for securities in general, since the law-makers would disperse leaving taxes unreduced, thus insuring a continued heavy National surplus, a corresponding redemption of Government bonds and the consequent necessity of reinvesting those funds in outside securities.

These articles written on the spur of the moment by financial writers whose special business it was to learn and report the ideas current in Wall Street, may be taken as good evidence of what those ideas actually were.

Undoubtedly Ricardo saw that the letting loose of capital locked up in the British National debt, would make it more abundant for other employments. He in fact said in so many words in his article on the *Funding System* already referred to:

Withdraw this great borrower (the Government) from the market, and private borrowers would be readily accommodated.

But at the same time he ridiculed as "*chimerical*," the expressed fears of the holders of the British debt, that they could find no borrowers of their capital, if it was returned to them by the Government. His theory was, that the new supplies of capital would furnish employment for more labor, and thereby increase population, and that this increased population would in turn create a new demand for more capital. Or to quote his own language—

The employment of capital is of equal extent with our ability of supplying food and necessities for the increasing population which a continually-augmenting capital would employ.

If Ricardo could see no danger of any injurious fall in the income of loaned capital within the narrow territorial limits of Great Britain, from the payment of the vast debt of that kingdom, it is to the last degree idle to apprehend such a fall in the United States from the payment of a debt only half as large. This country, equal in extent to the whole of Europe, while having only one-sixth of its population, possesses resources, the development of which is hardly commenced. Its home loanable capital is not at the present even equal to the holding of the American securities already created, great quantities of which are owned abroad. It is not in this generation that a glut of capital is among American possibilities. And it is even more true here than in England, that the employment of more capital creates a demand for still more capital. Every railroad which is constructed, and especially in the West and South, creates fresh opportunities for investments in agriculture, mining, mills and foundries. And it is thus probably true, as respects this country, that while the payment of the National debt tends to reduce the rate of interest upon investment securities, it increases the activity and profits of industrial enterprises, and gives a fuller and more remunerative employment to that portion of disposable capital which takes that direction. So also, it probably increases the number and extent of the exchanges of trade, and by thus augmenting the aggregate creation of commercial paper, gives a larger business and larger gains to those bankers who employ their capital, not in the purchase and holding of fixed securities, but in call loans and in the discount of short-dated notes.

This country was never more prosperous than during the last three years, while the process of transferring \$400,000,000 from Government bonds into private securities (principally railroad bonds) has been going on. That process, from the nature of it, has been a vivifying and invigorating one, because it has changed dead capital into active capital. Nobody can foresee how wide-reaching may be the evil effects of suddenly arresting such a process, and any party which takes the responsibility of arresting it runs a fearful risk. The experience and common sense of mankind have established no rule more firmly than that of letting well enough alone. A period of pre-eminent activity and profit in nearly every branch of business, is not the time for making changes in any of the conspicuous conditions of public affairs. It is impossible that so great a fact as the payment, within three years, of \$400,000,000 of Government bonds should not have produced important financial and industrial effects, and it is, therefore, impossible that a stoppage, or even any considerable diminution, of the reduction of the National debt should not produce effects equally important but in a reversed direction. It is no secret to those who know the opinions of the really conservative classes in Wall Street, that they look forward to a financial

crash as the inevitable result of cutting off the relief to the loan markets afforded by the liquidation of the National debt, at a time when such large commitments of capital to railroad enterprises have been made. Doubtless, there are wreckers there and elsewhere who would profit by a crash and who desire one, but it will not be maintained that public policies should be shaped for the benefit of that sinister interest.

The payment of the National debt is not a burden, for the shifting of which upon posterity there might be some motive, even if an unworthy one, but it is a positive present relief, in the stimulus and support which it gives to enterprise and industry. Taxes, if their proceeds are devoured by expenditure, are a burden, but the precise reverse is true when their proceeds are appropriated to pay off public indebtedness. In the latter case, the people find in abundantly supplied loan markets a support for the various undertakings from which they derive their means of paying taxes. We know, as a matter of fact, however it may be accounted for, that at no time has the National taxation been less felt than during the last three years, and that there is absolutely no popular demand for a reduction of it.

The effect of paying off the \$400,000,000 of National debt, which the Government has the right now to call for payment, will be to improve the selling prices of that part of the National debt which is not subject to call; of all State, county and municipal bonds; of all approved bonds of railroads and other corporations; of all sound mortgages having any term of time still to run; and of all railroad stocks, improved real estate and other productive property, in respect to which the income is believed to be well assured. The holders of the vast amounts of property of these several descriptions, will, it is true, gain nothing in income so long as they continue their holdings, but they would gain hundreds and perhaps thousands of millions of dollars, if they sell out their holdings, as more or less of them find constant occasions to do. Another effect will be a rise in the selling price of unproductive real estate, of which a considerable share of the property of all new countries always consists. The reasons for this are, *first*, that mortgage loans can be more easily and cheaply raised upon it, and *second*, that as the current rates of income obtainable from secure investments decline, it will be more sought after to be held for that rise in lands which may be expected in a rapidly-advancing country.

In short, there is absolutely but one single property interest, which will not be benefited by the steady payment of the National debt, and that is the interest of the holders of the money, which is to be *hereafter* applied to the purchase of investment securities. Such persons will, undoubtedly, gain by lower prices in the future of such securities, as they will thereby get a larger amount of them



with the new money which comes into their hands from surplus incomes. They are, perhaps, a more numerous class in France than anywhere else. Their number is, however, nowhere great, although they dominate ministries and parliaments in Great Britain and in most of the countries of Western Europe. As a distinctive class, without interests in common with others, they are very few in this country and are not politically formidable. As a rule, the rich men in the United States, who have not been placed on the retired list by age or infirmity, seek and obtain larger incomes from their capital than are yielded by mere investment securities.

Opposed to the interest of those who would profit by larger returns from fixed capital is the counter interest, overwhelmingly stronger in a political sense if it can be properly instructed, rallied and massed, of those who are engaged in the creation and sale of investment securities, in the prosecution of the various enterprises and industries by which the country is developed and enriched. The superiority in strength of this counter interest is not more decisive in a political sense, than it is in the aspects of right, justice and fair play. To perpetuate the National debt for the sake of preventing a fall in the rate of interest upon investment securities, is to maintain the income of fixed capital at an artificial height, instead of leaving it to be established by the natural play against each other of the supply of capital and of the demand for it.

All sound reasons lead to the same conclusion, that whatever changes may be made in the particular incidence of taxation, the revenues of the Government should not be reduced by one single dollar so long as any of its bonds subject to call are outstanding. The perpetuation, and even increase, of public debts are sometimes compelled by public misfortune and distress, but that is not the case with which we have at present to deal. It is not the tax-payers who are now moving for relief. It is another class altogether, consisting of persons who insist upon the reduction of revenues for no other real purpose than to prevent the diminution of the National debt. That they are at their wits' ends for feigned reasons for taking off taxes, is only too clearly shown by the nature of the pretexts to which they are driven.

They procured the passage through the House during the last session of Congress of a bill to remove the stamp duties from checks on banks, cosmetics, patent medicines and playing cards, than which no more suitable objects of taxation can be conceived of. They attempted to justify themselves by maintaining that stamp duties are essentially and always odious. Where, to whom, and why are they odious? They are old and familiar in the practice of every civilized Government in the world. To-day, in this country, the people without complaint, and with entire convenience, pay forty million dollars of annual revenue to the Post-Office Department by means

of stamp duties. Is it credible that the men who voted to repeal the taxes on cosmetics, quack medicines and playing cards, had any other object than that of reducing the revenue, and for the mere sake of reducing the revenue and arresting the payment of the public debt? Can any pretext be more bald, than to say that these taxes were repealed because they were collected by the method of stamps?

Knowing well that public debts cannot be paid without a surplus of revenue, these same persons have set up the doctrine, that it is impossible to have a surplus without inducing a wicked and ruinous extravagance. If they can persuade the country to accept that doctrine, they will have secured the everlasting perpetuation not only of our present National debt, but of every addition which the fortune of future events may make to it.

But mankind know that it is as true in public as in private affairs that debt and extravagance are twin-brothers, and that the same thrift which induces the reduction of interest-bearing liabilities, tends naturally to dictate economy in expenditure. It is borrowing Governments and individuals who, as a rule, are the most profuse and reckless in outlay. This Government was never more frugally administered than from 1789 to 1812, when it was reducing the revolutionary debt, and from 1815 to 1833, when it was finally extinguishing that debt and also the new debt incurred by the war of 1812-5 with Great Britain. During the administration of the younger Adams, and the first term of the administration of Jackson, that is to say, between 1825 and 1833, one half of the total revenue was surplus revenue, collected for debt-paying purposes and so applied, and all the while the public expenditures were strictly frugal. A surplus of revenue, with no debt to absorb it, would doubtless be a standing temptation to extravagance. It is otherwise where a debt exists, and, in fact, no Government can with entire correctness be said to have any surplus so long as it has debts to pay.

During the six years ending with November, 1879, this country had substantially no surplus revenue, and paid substantially nothing on its debt. Any fair and accurate statement will show that the scale of expenditure was larger during that six years than it has been since. The famous Arrears of Pensions Bill, which has involved the country in an expenditure of, perhaps, \$500,000,000, was passed during the same session of Congress of 1878-9, when the Secretary of the Treasury was urging the passage of a loan bill of \$20,000,000 to eke out the means to meet the expenses of the Government. The Arrears Bill was approved January 25, 1879, and between that date and March 3, of the same year, the Senate was occupied several times in debates over a loan bill. Without doubt, public expenditures have been too profuse since we began,

in November, 1879, to have an appreciable surplus revenue, but they have been less profuse than they had been prior thereto, and the sum total of all the subsequent extravagance does not approximate that of the Arrears of Pensions Bill, passed when the revenues were declared by the Secretary of the Treasury and by the Chairman of the U. S. Senate Finance Committee (Mr. Morrill) to be absolutely deficient. It is thus true that experience verifies what philosophy teaches, that the steady reduction of debts by Governments tends to economy in administration, whereas running into debt and perpetuating debt both tend to extravagance.

GEO. M. WESTON.

---

#### APPENDIX.

If Pitt's sinking-fund system had been adhered to, the British debt would have disappeared long ago. That system was first broken into in 1802, during the brief peace following the treaty of Amiens, and afterwards in 1807 and 1813. On each of these occasions the principal avowed ground for breaking into it was the fear that the rapid payment of the debt would destroy or impair the income of capitalists not engaged in productive enterprises and industries.

Pitt was living, but out of office, in 1802, and it was afterwards argued from his silence during the impairment of his sinking fund in that year, that he acquiesced in it. But Huskisson, who was both before and after that date, in the ministry with Pitt, declared in a speech in Parliament (March 25, 1813), that exactly the contrary was the fact. In 1802 he called Pitt's attention to the proposal to reduce the sinking fund, and to the reason given for it, namely, that unless it was reduced, the income of invested capital would fall. According to Huskisson, Pitt rejected the proposal with "*pointed reprobation*," and declared that "*whenever the time should come that the diminution of the rate of interest was felt to be an evil*," he had plans of "*converting it to a great public advantage*."

In 1807 (January 29), Lord Henry Petty (afterwards the Marquis of Landsdowne), in presenting to Parliament his plan as Chancellor of the Exchequer, of diminishing the payments on the National debt, laid the principal stress upon the point, that if a "*large portion*" of the debt was discharged, there would be "*no adequate means of applying*" the capital received by the holders of the debt, which "*would of course be deprived of its value*." He warned Parliament against the danger of throwing "*such large and disproportionate sums into the money market, as might produce a very dangerous depreciation of the value of money*." He insisted upon the necessity of "*precautions for preventing the inconveniences which might arise from the too rapid reduction of the debt, and too great accumulation of*

*floating capital in the money market.*" He even went the length of declaring that if the whole National debt was paid the income obtainable from capital "*would be equivalent to almost nothing,*" and that the country would experience "*something like National bankruptcy.*"

In 1813 (March 3), Mr. Vansittart, Chancellor of the Exchequer, doubtless encouraged to hope for a speedy peace with France as a consequence of the catastrophe of Napoleon's Russian campaign of 1812, presented to Parliament a plan of arresting the payment of the National debt, using the same general line of argument employed in 1807 by Lord Henry Petty, whose views he referred to and endorsed. He said :

Whenever peace may take place, it will soon be found that there is a point beyond which the annual redemption of debt cannot be carried, without great inconvenience.

The rate of interest should not be too much diminished by extinguishing at once too large a portion of the public debt.

He warned Parliament against "*the mischief of an excessive sinking fund, overloading the money market with a superabundance of capital,*" and he endeavored to terrify them as to the effect of a complete payment of the debt, by saying—

It would require the transfer of a mass of property, amounting perhaps to a fifth part of the capital of the country, from an employment in which it has been vested by the proprietors, into other modes of occupation.

On the 25th of March, 1813, Huskisson, faithful to the memory and policy of Pitt, replied to Vansittart. After pointing out, that at that very time when it was attempted to intimidate Parliament with the apprehension of a fall in the rate of interest, the Government was compelled to pay more than five per cent. for money, Huskisson said—

Does the Chancellor of the Exchequer think it a matter of indifference whether the interest of money is at six or seven per cent., instead of being under the usual legal rate (five)? Does he imagine that this high rate of interest will have no prejudicial effect upon our industry, our manufactures, our commerce, our internal improvements, and above all upon our agriculture? If the demands of the State are so large, and the temptations which it offers so powerful, as to absorb the innumerable streams and channels by which individual credit is supported, . . . every branch of productive industry must proportionally languish and decay. . . . The prosperity of the revenue depends in a great degree on the facility with which the active classes of the community are enabled to borrow the capital requisite for their various pursuits.

It is thus true that more than two generations ago the same question which now agitates America, was being fought out in the British House of Commons, between the perpetuation of

public debts for the sake of maintaining a high rate of interest upon all investment securities, and the contrary policy of returning to the channels of active industry and enterprise the capital locked up in such debts. In England, the contest was decided in favor of debt perpetuation, and the principal function of the Government of that country since the battle of Waterloo, has been to collect from one set of men and pay over to another an interminable annuity of \$130,000,000. The contest will have a different issue in America.

---

## THE MONEY QUESTION.

[ CONTINUED FROM OCTOBER NUMBER.]

Here lies the knotty point of the money question. The gold party of Germany simply refuses to go into an objectively scientific consideration of the difficulty of this point, obvious to every impartial observer; it stops its ears, and incessantly repeats: we do not care about other countries, we are not carrying on a propaganda for the universal introduction of the gold standard (although originally it used the future unity of standard of all civilized nations as a leading argument for a gold currency), we only ask that Germany complete its monetary reform upon this basis and for this purpose again resume its sales of silver, some fifty million marks a year. But there is an end to all discussion, when, after making such a demand, an answer is refused to the following questions: Is it—yes or no—at all probable, that in case Germany takes this decisive step, the other countries, hitherto looking on with their depreciated silver money, particularly France, Holland, and the American Union, will not at once adopt the same course, since in economical and civilized development they may at least feel quite as ripe as Germany for a gold currency, and if necessary are able to make greater sacrifices to obtain the most perfect money possible than the German Empire, so behind them in wealth? Will the replacing of 4000 million marks of silver currency by gold coins, which may be extended over a period of twenty years, not produce a chronic scarcity of gold in the above mentioned sense, during this whole period at least, with all its injurious consequences to the interests of production? When the constant sales of previously coined silver has sent down the value of this metal to an indefinitely deep point, will India still be able to continue to coin it, though it should become as uncertain a measure of value as depreciating paper money? Or is it not to be expected from the an-

nouncements emanating from the government and commercial circles of India as well as from the simplest reasonable consideration, that if the value of silver falls again British India will have recourse to the same remedy that has proved successful in the Dutch Indies, namely, cessation of the coinage of silver and arranging the silver coins retained as money of credit at a fixed nominal value to a gold standard, most simply to the pound sterling? And would not the scarcity of gold be indefinitely increased and prolonged, if the, on the average, so considerable annual balance payable to India had to be settled in gold?

In my belief it is not simply probable, but certain, that affairs would take the course indicated, and that too, not from some future period, but at once, as soon as Germany should begin again to put silver on the market. Concerning India it may be recalled, that the representatives of the Indian government at the Monetary Conference of 1881 were authorized to declare that the Government would only engage to keep up the free coinage of silver for a definite period, but that even only on condition that a number of other important States should agree to coin silver during the same time at the ratio of value of 1.15½.

It has been assumed that the other States besides Germany striving for a gold standard would effect the rejection of silver as cautiously and slowly as possible. The credit of the five-franc piece for example, is so solid, that not long since the Belgian bank accepted from the French bank twenty-five million francs in this coin, for twenty million German imperial marks in gold. France needed not therefore to make haste; she could be content with taking in and selling every year about as much silver as is recommended to Germany, fifty million marks. In these two countries alone there would then have to be definitely absorbed every year for a series of years 100 million marks of gold to fill up the deficiency in the current circulation and in the specie of the banks. Or shall the silver be replaced by unsecured bank notes? The advocates of a gold standard always dwell upon the sale of silver only, and not upon the difficulty of obtaining the value of it in gold. Do they really believe that Germany would have any great advantage if it should enter into competition with the banks of England and France for even that modest extra importation of gold? But the uncertainties of such a situation, the frequent change and the relatively average high rate of discount constitute the outer appearance of a scarcity of gold. In eight or nine years the German Empire would have got rid of its salable silver—but at what a price?—and in view of the increase of its population it could avail itself of the rest for small coin. The scarcity of gold would, however, remain unchanged. France could now, for her share alone, sell every year 100 million marks of silver, so that the one-sided

absorption of gold and the "pulling on the too-short coverlet" of all States with a gold standard would continue for a long series of years in an equal degree. In this struggle it is very probable that Germany would generally come out worst, the confident assertions of Englishmen before mentioned may be remembered. Nothing is therefore more fallacious than the supposition that Germany would be relieved of all care for its currency, as soon as it should once have thrown out its silver. Were no further difficulties to be apprehended, the sale of the German silver (450 million marks) might well be advocated at any price, even with a loss of 150,200 millions.

We have not thus far taken the United States into consideration, though they are enabled to exercise the most decisive influence on the value of silver and by reason of the rapid increase of their population and wealth to permanently absorb more new gold than any European country.

America will probably soon bring the international money question to a crisis. The committee on currency and banking has already recommended a bill to the House of Representatives, which says: Until an international agreement has been come to concerning a ratio of value for the coining of silver as a valid legal tender among the leading commercial nations, or until the equality of the metallic value of the silver standard dollars with the gold coins of the United States has been brought about in some other way, (1) no new silver certificates shall be issued, though the existing ones may be again put into circulation for silver dollars; (2) new silver dollars shall be coined hereafter, not to the minimum amount fixed by the Bland bill, but only as needed for actual circulation. It is not unlikely that this bill, whose real tendency is bimetallic, may become law. The American Secretary of the Treasury will then hold the sword of Damocles over the European silver market. If he suspends the coinage, the twenty-eight million dollars, hitherto retained every year in America, would fly over to London, and perhaps put down the price of silver beneath the lowest point reached in 1876. If the gold standard maintained itself against this catastrophe, America would sooner or later be compelled to substitute gold for the 100 million silver dollars already coined and thus still further increase the scarcity of gold.

So much for the question of the scarcity of gold. The memoir by von Dechend estimates the degree of it at present attained higher than we have done. For the future, however, it may certainly be expected, as a chronic, lingering evil during several decades, if victory is gained by the exclusively gold standard, whose supposed extraordinary advantages Germany cannot keep to herself alone.

Another important admission of the same memoir is to be noted,

that it recognizes unquestionably the bimetallic theory, the principle of the possibility, by international agreement and free coinage of the two precious metals, of establishing a fixed ratio of value between them, so that it will be authoritative for the commerce in bullion. It says: "That the remedy proposed is eminently fitted for the purpose (*i.e.* to avoid fluctuations in the price of silver) cannot be reasonably disputed in my opinion. It is, indeed, hardly conceivable, as even opponents acknowledge, that silver will fall to any extent below the price fixed in this way, as long as all the great States coin it at that price." Though the author adds, "I still hesitate to accept this proposal, not merely from reasons of principle, but from practical reasons," it is difficult to understand how Soetbeer, who does not quote the former passage, can affirm upon the latter, that Herr von Dechend's statement is a clear confirmation of the unreserved declaration of Mr. Goschen at the Paris Conference of 1878, according to which the establishment of a fixed ratio of value between the precious metals is "impossible to be realized, impossible to be sustained in theory and contrary to the principles of science." When Herr von Dechend speaks of "reasons of principle," they certainly cannot be theoretical or scientific, for he declares it "hardly conceivable," that under the conditions given the price of silver should not remain stable. With regard to the saying of Goschen, it is one of those ever-recurring phrases, against which even the gods contend in vain. We do not see why Soetbeer brings in this dictum here, since from his own repeated declarations concerning the working of the French system of a double standard he cannot consider the last two assertions correct. The for-all-time assured, theoretical, scientific result of the battle of the standard is just the principle cited above, by which former theories of money are corrected and the practical importance is made clear of governmental interference in a particular economic province.

As a third concession to bimetalism, we find in the memoir the abandonment of the principle of a purely gold standard for the German Empire. The coinage shall not be thrown open to silver, that would be the double standard, and no one of capable judgment would recommend its one-sided adoption for Germany. But the existing amount of thalers shall be kept in circulation, and consequently the law of January 6, 1876, empowering the Federal Council to withdraw the thalers, shall be abrogated. Gold currency, with a limited amount of silver money as full legal tender besides the silver small coin, constitutes the so-called "hobbling" standard, which might perhaps be more appropriately designated as an "incomplete double standard," and which in principle differs from the single gold standard. Soetbeer is, of course, right that the publication of Herr von Dechend's memoir indicates no decision of the



Imperial Government, but it is very worthy of attention as a symptom of the views prevailing in influential circles. Two years ago I recommended the retention or recoinage of the thalers for silver currency, but in my view this measure should only be taken to obtain still further concessions to silver from the franc States. Herr von Dechend in his proposal has his eye chiefly on Germany, and his principal purpose is to bring the greater part of the thalers accumulated in the Imperial Bank into circulation again and to substitute gold for them in the Bank's coffers. To compel trade to use the thalers more generally than hitherto, he proposes that gold as well as paper money should be restricted to pieces of at least twenty marks, and pieces under this amount should be withdrawn as soon as possible. This proposal is not chiefly in the interest of the Imperial Bank, as might be supposed, but rather for the economic welfare of all. The more gold and the less thalers the Bank has in its vaults, the less it will be constrained to put on the discount screw at once when the drain of gold is moderate, as it must now do, for fear of coming too near to the silver foundation of the relatively thin layer of gold. We may be permitted to doubt the opinion expressed in the memoir, that Germany has thus far been somewhat protected against a withdrawal of gold, because other countries know that the Imperial Bank is not pledged to the exclusive redemption of its notes in gold and they cannot therefore surely calculate upon the bank. Soetbeer, however, refers justly to the energetic words with which the Bank President formerly met the idea that the bank might suspend its gold payments. The legal right is not decisive, but the actual conduct of the bank. As soon as the least doubt should come up abroad about the bank's paying in gold, exchange on Berlin would immediately sink in price. The exportation of gold would thus be most favored, and when the bank raised difficulties in paying out this metal, a premium on gold would arise, and the depreciated silver thalers would again become the base of the mark value.

As already observed, the memoir makes propositions for Germany alone, but it also touches upon the plan, that the other States by mutual agreement shall withdraw all gold coins under twenty francs, in order to give more room to the circulation of silver in current coins, and to raise the value of silver. Denmark's representative, Herr Levy, submitted a similar proposition to the Monetary Conference of 1881, that of the replacing of all gold coins and paper notes under twenty francs by silver, but with the essential difference from the above that in the States of the gold standard the silver coins, and the silver certificates fully secured by them, should only be legal tender as small change.\*

\* I have not at hand an article in the *Russische Revue* by the former Russian delegate, Von Thörmér, adopting a similar point of view.

But would such measures succeed in effecting a notable rise in the price of silver? Herr von Dechend appeals to the fact, that in the States represented at the last Monetary Conference, excepting Austria and Russia, 2550 million marks in coins under twenty francs are in existence, while the annual production of silver amounts to only 400 million marks. Herr Levy desires to extend the measure to countries with paper currency, and assumes that 2269 million francs in small paper money and 1550 million francs in small gold coins might be replaced by silver. The latter figure is certainly too small, for the total amount of the German five and ten-mark pieces is put at only 250 million francs instead of at 483 million marks.

Raising the price of silver does not depend upon how the actual circulation of silver is extended in internal trade with a simultaneous increase of the gold of the banks, but upon how much new silver must be taken from the market for mintage. Herr von Dechend proposes no new coinage for Germany, the thalers now on hand are only to be put into circulation. Even the withdrawal of the five-mark certificates is not to make a gap that must be filled by new silver coins, but the memoir apparently presumes that these certificates will be replaced by a like sum in others of a higher denomination. In France the situation would be the same; if the gold five and ten-franc pieces were recoined into twenty-franc pieces, there would be no thought of coining new silver, as the bank has continually 1150-1200 million francs of silver coin lying in the vaults; such a measure, leaving the total amount of the circulation unchanged, would only be for the purpose of forcing a portion of the bank's store of silver upon trade, with the expectation that the afflux of gold pieces would be correspondingly increased. In America, also, the recoinage of the smaller gold pieces would only occasion an increased actual circulation and not an increased coinage of silver. In England, however, hitherto possessing only subsidiary silver money, the coinage of silver currency would afford an opportunity to sell some hundred million marks of this metal distributed through several years. Such an event could not exercise a lasting influence upon the price of silver, even if Italy or the smaller States should declare themselves ready to coin new silver to the amount of their small gold pieces.

With the Levy proposition the use of silver would be considerably greater, but its realization supposes that Russia and Austria issue large loans to partly redeem their paper money in silver, which would be represented by fully-secured certificates. In Austria, where the paper money would probably keep at par with silver, such plans might find sympathy outside of the gold standard party; it is, however, hardly to be expected, that Russia in its present financial condition will assume an interest-bearing debt of a milliard of francs

in order to redeem paper money not bearing interest, and even then it would still be doubtful, whether the rest of the paper—whose augmentation would be as sure to follow financial embarrassments as before—could keep at par with silver coins or certificates. But even if fully carried out, Levy's proposals would only assure an increased sale of silver for a series of years and a higher but not a fixed price; and when the extraordinary demand were once supplied and the mints again closed to silver (excepting the annual amount for normally supplementing the coinage), a renewed depreciation would ensue, which must be doubly disturbing on account of the greater circulation of silver.

For the moment, and during the present transition stage, Von Dechend's propositions certainly deserve attention, so far as they concern Germany and aim at a better composition of the bank's cash. They have Germany free on all sides for the future, as Schäffle remarks in the *Augsburger Allgemeine Zeitung*. The withdrawal of the five-mark notes, which are not an ornament to our currency, and of the gold five-mark pieces should encounter approval and satisfaction.

The withdrawal of the ten-mark pieces must be regarded as a measure made necessary by present circumstances, that would cause trade some inconvenience on the one hand, and on the other would bring great advantage by lessening the danger of a rise of discount. The withdrawal need not be followed by immediate melting; the coins could remain unchanged in the coffers of the bank. Though such measures may be recognized as judicious for the time being, yet it is no less certain that a permanent elevation or fixing of the value of silver is only possible by permanent arrangements, from which this metal is assured not only of a passing, but of permanently more extended, employment as money. This end can never be sufficiently attained, as long as silver is restricted to only interior, small and moderate trade. It is certainly indispensable for small trade; it is decidedly inconvenient for a moderate trade, and if the withdrawal of the small gold coins forces the public to use silver more, the popularity of this metal will surely not be increased, but the single gold standard will grow in favor. The defenders of silver act against their own interest, when they try to force it upon trade for purposes, in which gold is unquestionably more convenient. The part of silver in the world is played out, if it does not obtain full validity for extended and international commerce. The first condition of this validity is a ratio of value to gold, whose numerical expression may be left unsettled, universally recognized by the States and asserting itself in free trade within a minimum limit of variation. Silver would then, like gold, possess the property of an absolutely sure instrument of exchange and international settlement; like gold

it could perform these functions, when international securities were quite unfitted for them by reason of shocks to credit or variations of price otherwise caused. The mechanism of the world's economical circulation would then rest on two firm pillars instead of a single one. The second condition of an universal utility for silver is a simply technical one; care must be taken that silver money need not appear in *natura* in commerce on a large scale, but is represented by fully-secured certificates, or at least may always be so represented, this being effected by commissioning a governmental institution to exchange at any time silver current coins or even bars under certain conditions for silver certificates, which must always be redeemable for current coins and therefore like the latter be full legal tender in the fixed international ratio of value to gold. A similar arrangement has existed in America since the silver bill of 1878, and the following figures show how it has proved itself under the most unfavorable circumstances, in spite of the considerable deviation of the real value of the standard dollars from their nominal value. The sum of the silver certificates issued by the Treasury, in the hands of the banks and the public, amounted November 1, 1879, to only \$1,604,370; November 1, 1880, it was already \$19,780,240, and November 1, 1881, it was \$58,838,770, thus rising \$39,058,530 in one year.\* If therefore of the \$100,672,705 coined at the last-named date, \$66,576,378 were hoarded up in the Treasury, this is no reason for the opponents of silver to triumph, since of the latter amount only \$7,737,609 belonged to the State, while the principal part did direct service to the circulation through the medium of the certificates. Very lately opponents of silver have acknowledged that the drain of gold from America in the first months of this year would not have gone off so smoothly, if the circulating mediums, especially in the cash of the banks, had not been reinforced by the silver certificates. If the real value of the silver dollar should again become equal to its nominal value, the silver certificates would, doubtless, acquire a far greater importance. Indeed, the fully-secured silver certificates of the different States would gradually be developed into a sort of money of the world, in which international payments could be settled much more conveniently than in gold.

In a more secondary practical question Herr von Dechend's memoir coincides with the views of the bimetallists; it pronounces it impossible for Germany to sell even forty million marks of thaler silver a year, in spite of 300 millions of new silver and many millions besides of English government exchanges being annually put upon the market. "The thaler silver can only be sold, when and so far as the demand for silver is not satisfied by the

\* Report of the Comptroller of the Currency for 1881, p. 26.

silver of the mines and the Indian bills of exchange." The press of the gold party has seized upon this remark, after the favorite fashion of present discussions, to convict the author of the memoir of an absurdity and then to contemptuously triumph over him. What is the use of discussing a question, when one party disputes an opinion that the other has not at all, and on the other hand leaves untouched what is really brought forward? Herr von Dechend, of course, did not intend to say, that there is any difference in the abstract salability of new silver from the mines and the silver of the German thalers, but from the context his clear and well-founded opinion is that forty million marks of German silver could only be disposed of at a greatly reduced and unacceptable price, consequently they are practically unsalable. The silver from the mines must, like every other newly produced commodity, be sold under all circumstances and at any price. If the German silver appears in the market as a new competitor, without any new demand having made itself felt, the price of the silver from the mines will be at once put down until its sale is effected.\* Herr von Dechend says: "At first, attempts were repeatedly made to compete with the silver from the mines and the Indian bills of exchange. But the only result was that the price of silver always went down further, and the attempts had to be given up at last, after the price had in consequence sunk below fifty pence down to 46¼ pence." This remark is worthy of notice in relation to the direct influence, denied by the partisans of gold, of the German sales upon the enormous silver depreciation of 1876. According to Herr von Dechend's estimate, founded on experience, at most some twenty million marks might be annually disposed of on the average without depressing the price too much. In reality, however, even such modest operations could not have been executed of late years, since they would have denoted principles that might have given rise to decisive steps on the part of other States. If the above mentioned project for the suspension of the Bland bill is carried out in America, one-sided German sales of silver could only be contemplated, when it must be got rid of at any price, no matter how low.

\* The sales of silver from Austria depend upon the arbitrations of exchanges of free commerce, which are determined by the price of silver in London, the London exchange on Vienna, and the price of silver in Austria, where silver is simply a commodity. When the demand for India is lively, considerable quantities of Austrian silver may possibly be bought up, but this silver does not force itself on the market, it only waits for the demand. The amount to be sold cannot therefore be fixed upon in advance.

---

**GOLD CERTIFICATES.**—Assistant-Treasurer Acton signed in all 41,500 gold certificates in seventeen days, or at the rate of over 2500 a day. The largest amount ever received from the Treasury Department was on the third day, \$44,000,000, having been preceded by \$4,000,000 and \$6,000,000 on the two preceding days.

RECEIPTS, APPROPRIATIONS AND EXPENDITURES  
OF THE GOVERNMENT FROM 1840 TO 1860.

[CONTINUED FROM OCTOBER NUMBER.]

The next year another loan of \$16,000,000 was authorized, bearing six per cent. interest, payable quarterly or semi-annually, and reimbursable after twenty years. Proposals were to be invited; the surplus revenues were pledged for paying the loan, and the Secretary was authorized "to purchase, at any time before the period . . . limited for the redemption of the stock, . . . such portion thereof at the market price, not below par, as the funds of the Government" might admit "after meeting all the demands of the Treasury." This was the final loan for paying the cost of waging the Mexican war.

The loan was duly advertised just as the war closed, and the premium obtained was \$487,168.66 "which was the more extraordinary," said Walker, "inasmuch as the entire sale of the sixteen millions of stock in a single day exceeded the rate at which the Government six-per-cent. twenty-years' stock, exclusive of interest and brokerage, was then selling in small sums in the market."

The Secretary of the Treasury had no right to purchase above par the twenty-eight millions of Treasury notes and stock authorized by Congress in 1847. When the bill was pending Walker recommended that authority should be delegated to the Treasury to purchase any portion of it at the market rate, whatever that might be. His reason was that such authority would make the debt more valuable to the purchaser when sold by the Treasury, and therefore would increase the premium. It was obvious, the Secretary declared, that if the Government had the means to purchase the debt before maturity, it should be done rather than to pay the interest; and it was also clear that by increasing the amount which the Government could purchase, "especially to the great extent of twenty-eight million dollars," the Treasury could purchase on better terms. He therefore recommended that authority be given to purchase it at the market rate. This legislation was the more needful because the income derived from the sales of lands had been set apart for discharging this debt, yet if it could not be thus employed before the debt matured, it must remain in the Treasury. Congress granted the authority, and subsequently purchases were made at varying rates, though some of them were very high.

The excess of army and navy expenditures occasioned by the Mexican war was \$63,605,621.31. The increase of debt by the issue

of stock and Treasury notes was \$49,000,000; consequently the difference, \$14,605,621.31 was paid from the revenue, including the premium obtained from loans, of \$563,061.39. A still larger portion of the expense would have been paid from the revenue had Congress imposed a duty on tea and coffee, which Walker recommended. His recommendations, though repeated several times, made no effective impression on Congress.

With the close of the war the debt began to shrink, though Meredith, the next Secretary under a new administration, declared there would be a deficit in 1850 and '51 arising from the payment of money to Mexico under the treaty. He not only recommended the issue of more stock or Treasury notes, but also an increase of the duties. Congress authorized the issue of \$10,000,000 of stock to Texas, in execution of an agreement when that State was admitted into the Union, but declined to change the tariff. His report was mainly an elaborate argument for restoring a protective system of duties, but the event did not happen until twenty years afterward when the land was rent with civil war.

Although the debt was increased by the issue of stock to Texas and the payment of the Mexican indemnity, a portion of the debt was paid every year. The Government was able to get hold of it only by paying a heavy price. The premiums paid on \$2,523,200 of certificates of stock purchased at market rates in 1851 and '52 amounted to \$325,655.24, more than one-eighth of the entire debt purchased. "These rates, if applied to the whole debt as it stood on the 20th of November last," said the Secretary, in his annual report near the end of 1851, "would require for its liquidation, in addition to that amount, about the sum of eight million dollars."

The Secretary questioned whether sound policy did not demand giving to the department some discretion to purchase with the available surplus revenue sound State stocks, when this could be done at or near their par value, and to hold them for a sinking fund, which might be applied toward redeeming the public debt as it became due. Of course, the object of establishing such a policy was to pay the debt without paying the premium. The Secretary regarded "such a course desirable," but Congress thought otherwise.

The mode adopted by the Treasury for buying stock is worthy of notice. At one time money was advanced to brokers to pay for the debt purchased by them. Guthrie, thinking that this mode might "lead to a misapplication of the public funds, and to favoritism," discontinued it. The stock issued in 1843 was due ten years afterward, and in March, 1853, the Secretary of the Treasury gave notice that he would pay the principal at any time

the owners might desire, including also the interest due at the time of requesting payment. He also offered to redeem portions of the stock issued in 1842, '46 and '47, paying par and a premium of twenty-one per cent. on the latter stock, eight and one half per cent. premium on the stock of '46, and sixteen per cent. on the stock issued in 1842.

Guthrie adopted this mode of discharging the debt not only to prevent the possible loss of money, but to retard accumulations in the Treasury. The increase of receipts over expenditures occasioned at times alarm in commercial and financial circles. The Secretary hoped that "the accumulations in the Treasury would exercise a beneficial restraint upon importations and speculative credit enterprises, and bring the business of the country into a safe and wholesome condition; yet, under the apprehension that a panic might arise from a too stringent operation of the Treasury," he advanced money to the mint to buy gold and silver for coinage, beside resorting to the expedients already mentioned for increasing the outflow from the Treasury.

His offers to purchase the public debt were issued in March, July and August, 1853, at the market price, and he succeeded in getting a large amount of it, and aiding those who wished to sell their stocks and borrow money. The balance of the loan to the cities lying within the District of Columbia was paid the same year, and also a part of the Texan bonds. "The fact is established," the Secretary says, in his annual report at the close of 1853, "that the public debt of each description can be obtained at the premiums offered and paid, and the premiums made be reduced as the times fixed by the terms of the law for redemption approaches."

With the beginning of Pierce's administration in March, 1853, the debt was \$69,129,937.27, and was subsequently increased two millions and three quarters to liquidate the debt of Texas. By the middle of November, 1856, the figures had melted away to \$30,963,909.64. Of the sum paid \$40,916,027.63 represented the principal, and the balance, \$4,609,882.31, the premium on portions redeemed before maturity. A saving of \$14,606,441.39 was effected on the debt thus paid in advance.

Beside this debt, a considerable sum was due to the Indian tribes growing out of the extinction of their title to the public lands. In 1856 this sum amounted to \$21,066,501.36, and was payable at different times. Estimates were furnished for making payments when they matured, by the Interior Department. The Government at that period had also invested in stocks for several of the tribes \$3,511,624.08.

The reduction of the debt was so rapid that the next year the Government parted with a portion of its revenue. Hardly had this



been done when the land was smitten with another financial panic; the National income speedily diminished, and in December an issue of \$20,000,000 of Treasury notes became necessary. The next June a loan of \$21,000,000 of stock was authorized to meet current obligations. The Secretary of the Treasury, Howell Cobb, recommended raising the duties, but Congress did nothing. There was no wise pruning of expenditures, and the Treasury drifted, borne up by the belief that when the financial crash was over importations would increase and the revenues be ample to discharge, in due time, all forms of public indebtedness. The Treasury notes which were issued in 1857, payable in a year, could not be paid when they matured, and so they were renewed until June, 1860, then Congress passed a law to fund them. The stock was not to exceed \$21,000,000 in amount, nor bear more than six per cent. interest. It was not to be paid for ten years, and within twenty. In September proposals were invited for a loan of \$10,000,000, a sum large enough to meet all the Treasury notes that would fall due before the first of January, 1861. Five per cent. interest was offered, the Secretary believing that the loan could be readily negotiated at that rate. At that time the five-per-cent. stock of the United States was selling in the market at a premium of three per cent. The whole amount was taken at par or a small premium. But before payment was made another destructive wave rolled over the land, and many of the bidders were unable to respond. Some did so at a considerable sacrifice, and others were nursed by extending the time of payment. The entire amount thus borrowed was \$7,022,000.

When Congress met in December, \$11,000,000 of the stock authorized to pay the Treasury notes had not been issued. The Secretary declared that "the difficulties attending the payment of the stock already sold, in connection with the fact that capitalists, in the present condition of the country, were unwilling to invest in United States stock at par—render it almost certain that this remaining eleven millions cannot now be negotiated upon terms acceptable to the Government. The condition of the Treasury is such that no serious delay can be indulged." He recommended a repeal of the law enacted the previous year, so far as it authorized the issue of \$11,000,000 more stock, and that authority be given for issuing an equal amount of Treasury notes at such rates as would command the confidence of the country. To create that confidence he recommended that the public lands be unconditionally pledged for the ultimate redemption of all the Treasury notes that might be issued. "I make this recommendation," he adds, "of substituting Treasury notes for stock the more readily from the conviction that there should always exist in the department power to issue Treasury notes for a limited amount, under the

direction of the President, to meet unforeseen contingencies. It is a power which can never be abused, as the amount realized from such source can only be used to meet lawful demands upon the Treasury. No Secretary of the Treasury or President would ever exercise it except compelled to do so by the exigencies of the public service. On the other hand, it would enable the Government to meet without embarrassment those sudden revulsions to which the country is always liable, and which cannot always be anticipated." Congress authorized the issue of \$10,000,000 of Treasury notes in lieu of \$11,000,000 of stock redeemable at the end of one year from date and bearing six per cent. interest until called for redemption. The Secretary, however, was authorized to issue them, after advertisement, at such rates of interest as might be offered by the lowest responsible bidders. Notes were soon afterward issued under this Act in the following amounts at the rates specified :

\$ 70,000 at 6 per cent.	.....	\$ 77,000 at 9½ per cent.
5,000 at 7 "	.....	1,027,500 at 10 "
24,500 at 8 "	.....	266,000 at 10½ "
33,000 at 8½ "	.....	623,000 at 10½ "
10,000 at 8¾ "	.....	1,367,000 at 10½ "
65,000 at 9 "	.....	1,432,700 at 11 "
10,000 at 9½ "	.....	4,840,000 at 12 "
160,000 at 9½ "	.....	
		<hr/>
		\$ 10,010,900

In the beginning, the public debt, as we have seen, was about thirty millions. At the close of the fiscal year in 1860, the public indebtedness exceeded sixty-four millions. And this large increase had been caused, not by any extraordinary outlay, for the political sky was unclouded throughout these four years, but solely by reducing the revenues to a foolishly low point. It is true when the tariff of 1857 was amended, a financial crisis was not expected, but even if it had not come, the prosperity of no business was hazarded by letting the tariff remain. By lowering the rates and sinking the receipts below the expenditures and doing nothing to extricate the Government from that situation for three years, its credit was seriously shaken. For such financial mismanagement no possible excuse could be given.

The political horizon darkened with the closing year. Cobb resigned as Secretary of the Treasury a few days after making his annual report, and Philip F. Thomas, of Maryland, was appointed his successor. But he remained at the head of the Treasury Department only a month, and then John A. Dix succeeded, who served during the remainder of President Buchanan's term. It was while Gen. Dix administered the finances, therefore, that the Treasury notes above mentioned were sold. So low did the credit of the Government fall that he suggested to the Committee of Ways and Means that the States be asked to secure the repayment of money borrowed by the Government by pledging the deposits received by

them when the surplus revenues were distributed in 1836. He thought that a loan resting on such a basis might receive the favorable attention of capitalists.

On the 1st of February the Committee reported a bill authorizing a loan of \$25,000,000. The Secretary of the Treasury had previously declared that there would be a probable deficit in the revenue of \$21,677,524. The deficiency bill contained appropriations amounting nearly to \$3,000,000, thus there was an estimated deficiency of \$24,000,000, while the amount in the Treasury on the first of January was only \$2,233,220. Imports had very much declined in consequence of political complications.

The bill was opposed on the ground that the Secretary still possessed the power, under the Act of June, 1860, to borrow \$14,000,000, and that this amount at least should be deducted from the proposed loan. But the answer given was, that the balance of the June loan could not be sold on the terms prescribed in the law, and if it could be, that the money must be employed to redeem the Treasury notes of 1860. The bill passed, and the President was authorized to borrow at any time before the 1st of July \$25,000,000, to pay current demands on the Treasury or to redeem Treasury notes. The stock was to bear not more than six per cent. interest, and was to be reimbursable after ten and before twenty years. Under this authority bonds were issued to the amount of \$18,415,000, "at an aggregate discount of \$2,019,776.10, or an average rate of \$89.03 per one hundred dollars."

Only one other financial measure, passed during the last hours of President Buchanan's administration, requiring notice. Ever since the panic of 1857 the public debt had been increasing, and the Secretary of the Treasury remarked in his report, presented in December, 1859, that the idea of increasing the public debt to meet the ordinary expenses of the Government should not be entertained for a moment. Nevertheless, this idea had been entertained since July, 1857, as the following figures clearly show:

Balance in Treasury, July 1, 1857.....	\$ 17,710,114	27
Public debt, July 1, 1857.....	29,060,386	90
Public debt, July 1, 1858.....	44,910,777	66
Public debt, July 1, 1859.....	58,754,699	33
Public debt, July 1, 1860.....	64,769,703	08
Balance in Treasury, July 1, 1860.....	3,629,206	71
Debt, less balance in Treasury, July 1, 1857.....	11,350,272	63
Debt, less balance in Treasury, July 1, 1860.....	61,140,496	37

A bill to repay outstanding Treasury notes, to authorize a loan, and to regulate and fix the duties on imports was introduced into the House March 12, 1860. One object of this bill was to increase the revenues. It was warmly debated at that session but did not pass both houses. At the next meeting of Congress the bill was further considered, and after many of the Southern members had left that body it was passed, becoming a law on the 2d of March,

1861. The contest over it had centered mainly on the provisions which related to an increase of the tariff.

By this law the President was authorized to borrow within one year from its enactment not more than \$10,000,000, which were to be applied in discharging appropriations and Treasury notes then outstanding. No contract could be made preventing the Government from reimbursing the amount borrowed at any time after ten years from the first day of July next ensuing. If the proposals made for the loan were not satisfactory, the President was authorized to issue Treasury notes instead of borrowing money for the full amount of the loan authorized, and also to substitute Treasury notes for the whole or any part of the money which he was authorized to borrow by previous acts. Notes issued under this law were to be redeemed within two years from its date. How the law was executed shall be stated hereafter.

Such is the miserable ending of the chapter on finances while they were managed by the South under the quasi administration of James Buchanan. During the short period that Gen. Dix managed them he displayed wisdom and vigor, but the evils previously wrought through a long course of mal-administration could not be easily or quickly cured.

During the seventy years covered by this volume the income and expenditure of the Government had greatly expanded. These expenditure, too, was authorized by a far more complete series of annual measures than had been adopted in the beginning.

Beside the usual appropriations made every year for maintaining the Government, there were other appropriations for the payment of claims, whose validity was determined by Congress. They were infected with some irregularity which prevented claimants from obtaining a settlement through the departments. Some of these claims were fraudulent; on the other hand, many of them were obviously just, yet could not be paid under the laws and regulations established for the guidance of the departments. In these cases, therefore, the claimant could appeal only to Congress for relief.

Accordingly, in 1794, a Committee of Claims were appointed, to whom these matters were referred, and who investigated them and reported thereon to Congress. The Committee had jurisdiction of all claims against the United States in which money was demanded, or a release from paying it to the Government was desired; or in which the claims had reference to public lands, or pertained to a pension.

The business of the Committee grew so heavy, that a division of it became necessary. Consequently, in 1805, the Committee on Public Lands were created; eight years later that on Pensions and Revolutionary Claims; in 1816, the Committee on Private Land Claims were raised, and in 1825 that on Revolutionary Pensions, and six years afterwards another on Invalid Pensions.

Notwithstanding this division of the business, many claims were not considered each session because there was not time. In the earlier years of the Government, a strict adherence to statutes of limitations requiring the presentation of claims within a short period debarred many claimants. Not only was much time consumed by such investigations, but these were often imperfect; and the unfitness of a Committee of Congress to serve as a tribunal to hear and adjust these matters was apparent long before any remedy was applied. Finally, in 1851, a Court of Claims was established, to which claims against the Government were referred. The work of Congress was considerably relieved by the creation of this tribunal, but its jurisdiction should be enlarged, statutes of limitation need reviving, and when claims have been heard and determined no further proceedings in relation to them should be tolerated. It was long ago seen that Congress ought not to have anything to do with these matters.

---

## THE NATIONAL BANKS OF THE UNITED STATES OF AMERICA.\*

[ CONTINUED FROM THE OCTOBER NUMBER. ]

Very heavy penalties are incurred by any infringement or neglect of the law. For the banks in their corporate capacity, the most important is the power vested in the Comptroller to appoint a receiver and close the business. This may be done when any bank fails to make up its lawful money reserve after notice to do so; or, neglects to sell within six months any of its own stock acquired in satisfaction of debts; or fails to make good any deficiency in its paid-up capital; or unlawfully certifies any cheque; or fails to pay on demand any of its own notes. Also, if the directors of any bank knowingly violate, or permit any of their officers to violate, any of the provisions of the law. In these last-named cases the association can only be dissolved after the fact of the violation of the law has been proved before a court, in a suit brought for that purpose by the Comptroller; and in such cases every director who assented to the act complained of is personally liable to make good any damages the stockholders may sustain.

Penalties of one hundred dollars per day are incurred by neglect to make any of the reports required by the law.

Severe penalties, both by fine and imprisonment, are inflicted on the persons guilty of crimes or misdemeanors under these Acts.

The powers acquired by organization under the National-bank Acts are as follows:

- To adopt and use a corporate seal.
- To have succession for a period of twenty years.
- To make contracts.
- To sue, and be sued, as fully as natural persons.
- To elect and appoint directors and other officers.
- To prescribe by-laws for the regulation of the business.

\* From the *Journal of the Institute of Bankers*, London.

To exercise all such incidental powers as are necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt; by receiving deposits; by buying and selling exchange, coin and bullion; by loaning money on personal security; and by obtaining, issuing and circulating notes according to the provisions of the Act.

This last paragraph is of considerable importance as it has been judicially held to comprise all the business the banks can legally do; any other transactions being *ultra vires*.

The steps necessary to be taken to obtain these powers are exactly prescribed, and are comprised in the making of an Organization Certificate (answering to our Articles of Association) which is registered by the Comptroller of the Currency, who, after satisfying himself that the law has been complied with, issues an authority for the association to commence business.

The amount of capital subscribed must be regulated in part by the population of the town in which the business is to be situated:

In any place not exceeding 6,000 inhabitants, the capital must be at least	£10,000
" with from 6,000 to 50,000	" 20,000
" with more than 50,000	" 40,000

At least one-half of the capital must be paid up before commencing business, and the remainder in monthly instalments of ten per cent.

The capital stock is always to be divided into shares of £20, and every shareholder is liable to a further like amount on each share.

It is expressly provided that persons holding stock as executors, administrators, guardians, or trustees are liable only to the extent of the estates or funds in their hands. This is so directly contrary to our own law that we may be curious to see how it will be found to work. At present no difficulties have arisen under the clause; trusts are not numerous among the shareholders, nor, indeed, have failures been numerous among the banks.

The directors must be at least five in number; must all be citizens of the United States; and at least three-fourths of them resident in the immediate neighborhood. Their stock qualification is fixed at not less than ten shares (£200).

Before commencing business each association must transfer and deliver to the Secretary of the Treasury United States bonds to the extent of one-third of its paid-up capital, but in no case less than £6000. The interest on these bonds, and also upon such further amounts as are deposited to secure circulation, is receivable by the association under power of attorney granted by the Secretary.

Upon the deposits of bonds being made, the bank is entitled to receive from the Comptroller circulating notes to the extent of ninety per cent. of the par value of the bonds, if the current market value is not below par, in which case the notes granted are only to ninety per cent. of that value. Circulating notes may also be obtained in the same proportion against further deposits of bonds to the following extent:

To extent of 90 per cent. of capital if not exceeding	£100,000.
To extent of 80 per cent.	" 200,000.
To extent of 75 per cent.	" 600,000.
To extent of 60 per cent.	" if exceeding 600,000.

These restrictions as to the amount of circulation to be issued to the banks were not promoted by any prudential considerations

as to their stability, but by the fact that the aggregate amount of National-bank circulation was limited, and there was not enough for all. Although, in 1875, the aggregate limit was removed, the banks are still restricted in their circulation according to their capital. The Comptroller has recommended that all banks should be permitted to receive circulation to extent of ninety per cent. of their capital, but it does not seem at present likely that they would take up more if they had the power. Experience has shown that the banks having large capitals even now take less circulation than they are entitled to. At the commencement of last year the total circulation the banks were entitled to call for was seventy-eight millions sterling. Of this the banks having capitals not exceeding £100,000 had a right to fifty-four millions, and had taken forty-eight millions, or eighty-eight per cent.; whilst those whose capitals exceeded £100,000 had taken only sixteen millions out of twenty-four millions, a proportion of sixty-six per cent.

The notes bear the signatures of the Treasurer of the United States, and of the Registrar; and also a promise to pay them on demand, which must be signed by the president and cashier of the association issuing them. They are legal tender in all parts of the United States in payment of taxes and all other Government dues except duties on imports; and also for all sums owing by the United States except interest on the public debt, and in redemption of the National currency. They are also legal tender for any debt or liability owing to any National bank. This latter provision applies to National-bank notes issued by a bank since failed, which are still legal tender to any National bank in discharge of claims, although they cannot be called upon to pay them. A special clause forbids National banks to pay out such uncurrent notes; such as hold them must send them up to the Treasury for redemption. But the notes of any solvent National bank coming into the hands of any other National bank may be re-issued by them, or they may send them up to the Redemption Bureau, in sums of \$1000 or any multiple thereof. Here they are credited to account of the bank remitting them, and charged to the several banks by whom they were issued, the Treasury acting in fact as a sort of Clearing House,

The National-bank notes are of the denominations of :

\$ 5	..	\$ 10	..	\$ 20	..	\$ 50	..	\$ 100	..	\$ 500	..	\$ 1000
Say £ 1	..	£ 2	..	£ 4	..	£ 10	..	£ 20	..	£ 100	..	£ 200

Formerly notes for \$1, \$2 and \$3 were also issued, and one-sixth part of the circulation taken up by any National bank might be of such notes. But the Act of 1875 decreeing the resumption of specie payments on the first of January, 1879, provided, that after that date no such notes should be issued to National banks. There was, however, no considerable demand for them on their part, probably owing to the labor required to sign and handle them; and out of two hundred and twelve millions sterling of National-bank notes issued during the existence of the system, less than eight millions have been in notes below five dollars.

Since the beginning of 1879 the one and two-dollar National-bank notes have been reduced by £1,173,500, whilst the legal-tender notes of the same denominations have increased by £1,580,700.

The following table shows the amounts of National-bank notes of each denomination issued from 1863 to the first of November, 1881; and also, by denominations, the amounts of National-bank

notes, and of legal-tender notes,\* outstanding on the latter date. In separate columns will be found the ratio of each class of note to the whole issue:

Denomination.	Total issue of National- bank notes.	Per centage of whole.	Outstanding first of November, 1881.			
			National- bank notes.	Per centage of whole.	Legal- tender notes	Per centage of whole.
\$1 say 4s.....	£ 4,633,535	2.2	£ 265,822	0.4	£ 4,892,812	7.1
2 " 8s.....	3,099,006	1.5	104,434	0.2	4,746,439	6.8
5 " £ 1.....	73,612,504	34.6	20,096,016	28.0	13,579,996	19.5
10 " 2.....	58,955,038	27.7	24,261,768	33.8	15,081,766	21.7
20 " 4.....	35,763,268	16.9	16,223,300	22.6	14,161,201	20.4
50 " 10.....	13,575,740	6.4	4,656,840	6.4	4,631,515	6.6
100 " 20.....	19,194,240	9.0	5,993,200	8.3	6,647,874	9.5
500 " 100.....	2,195,900	1.0	146,400	0.2	2,843,500	4.1
1000 " 200.....	1,428,800	0.7	40,200	0.1	2,413,100	3.5
5000 " 1000.....	—	—	—	—	486,000	0.7
10,000 " 2000.....	—	—	—	—	52,000	0.1
Add for unredeemed frag- ments of National-bank notes.....	—	—	3,317	—	—	—
Deduct for legal - tender notes destroyed in Chica- go fire.....	—	—	—	—	200,000	—
Totals.....	212,458,031	100.0	71,788,297	100.0	69,336,203	100.0

By the Act, as originally passed, National banks were required to pay their own notes upon demand at their counter, and also to redeem them through the agency of a National banking association situated in one of eighteen designated cities called Redemption cities. These were Albany, Baltimore, Boston, Charleston, Chicago, Cincinnati, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, New York, Philadelphia, Pittsburgh, Richmond, St. Louis, San Francisco and Washington.† National banks doing business in any of these cities were required to appoint redemption agents in New York. By Act of twentieth of June, 1874, all National banks were required to redeem their notes at the Treasury of the United States, and the above-named cities are now termed Reserve cities, for reasons that will presently appear.

Every National bank is now required to keep always on deposit in the Treasury of the United States, in gold coin or United States notes, a sum equal to five per cent. of its circulation; and whenever National-bank notes, in parcels of one thousand dollars or any multiple, of the same, are presented at the Treasury, they are redeemed in United States notes. They are then assorted and charged to the accounts of the banks by whom they were issued, which banks, on being advised of the amount paid, must at once remit an equal sum of lawful money. Wherever the latter term is used it means coin, United States notes, or Treasury certificates of de-

\* The legal tenders are notes issued by the Government under the various Acts 1862-1878. In the latter year the maximum issue was fixed at \$346,681,016, the amount then outstanding and which has remained fully in circulation since that date. These notes are legal tender for all debts, public and private, except in payment of interest upon the Government debt and of duties on imports.

† Although Charleston and Richmond are included in the cities named by Section 3192 of the Revised Statutes, Section 31 of the National-Currency Act of 1864 only provides for their admission "whenever, in the opinion of the Comptroller of the Currency the condition of the Southern States will warrant it;" and up to the present time they do not appear in his annual reports under the head of *Reserve Cities*.



posit of such notes. After the Treasury has been reimbursed for the amount redeemed, the notes are returned to the issuing banks, if still fit for use; but if much worn or defaced they are forwarded to the Comptroller, who destroys them (by maceration) and forwards new blanks of a similar amount to the banks by whom they were issued. All costs of redemption, such as transporting the notes and assorting them, are to be reimbursed to the Treasury by the association issuing them. Since 1874, all notes are printed with the charter number of the association issuing them, and this has been found to effect considerable economy in the expenses of the Redemption Bureau.

The Acts of twenty-fifth of February, 1863, and third June, 1864, authorized the issue of National-bank notes to the extent of three hundred million of dollars, which amount was directed to be apportioned among the various States and Territories of the Union; and in three years from the foundation of the first bank, by October, 1866, the amount in circulation had reached \$280,253,818, being very nearly the full amount authorized. Even the small margin unissued was probably caused by the difficulties arising from the Territorial allotments, as some banks were unable to obtain all the circulation they required and were entitled to by their capital, because the amount apportioned to their district was already taken up.

By the Act of twelfth of July, 1870, the total amount issuable was increased to \$354,000,000, and the circulation steadily increased till, on the first of December, 1874, the amount outstanding was \$352,394,346, the highest amount yet reached.

The Act of fourteenth of January, 1875, removed all limit to the total of the National-bank currency, and also all restrictions as to its geographical distribution, but was not followed by any increase in the circulation. On the contrary, for some years it gradually decreased, till, on the twenty-second of June, 1877, the amount outstanding was only \$290,002,057. This must be attributed in part, to the great depression which followed the financial panic of 1873, but perhaps still more to the Act of twentieth of June, 1874, authorizing the banks to deposit with the Treasurer lawful money for the redemption of their circulation, and to withdraw from deposit a proportionate amount of their bonds. The considerable premiums to which the bonds had then attained, and the low rate of profit to be made on the circulation, induced many banks to adopt that course, and since the passing of the Act referred to, £25,600,000 has been deposited to retire circulation.

By special provisions, the establishment of National gold banks was authorized in 1870. This was for the accommodation of the State of California, where notes have not been much in favor. These notes are issued against deposit of United States bonds and to the extent of eighty per cent. of such deposits. They are payable in gold at the office of issue, and are legal tender in payment of debts to any other National gold bank, if the association by which they were issued, is still redeeming its notes. Every National gold bank must keep on hand, in gold or silver coin, twenty-five per cent. of the amount of its outstanding circulation. Ten of these banks have been established in all; four of them have changed into other organizations under the Act of February, 1880, and three are still in operation, having an aggregate capital of £400,000, and a circulation of £168,000. The largest amount of circulation of these banks outstanding at one time, was in August, 1875, when it amounted to £528,000, on a capital of £926,000.

It is evident that in more recent years, the banks have not appreciated so highly the right of issuing currency. It is not impossible that as capital increases in the country, and as bank deposits also increase, they will come to depend more upon this branch of their business, and will find it the more profitable of the two. As we shall see, the dividends paid are by no means large, and there is not, at least among the National banks, any exaggerated idea of the share of them that is earned by their note issue. The Comptroller has, in several of his reports, drawn attention to this, when recommending the repeal of some of the taxation. In 1865, the National banks held on deposit against their circulation about forty millions sterling of six-per-cent. bonds, and fifteen millions of five per cents.; thus receiving about five and three-quarters per cent. upon the whole amount. In November, 1881, they had as follows:

4½-per-cent. bonds .....	£ 6,400,000
4 " .....	18,400,000
3½ " .....	48,250,000
6 " Pacific-railroad bonds.....	700,000
	<hr/>
5-per-cent. bonds, having ceased to bear interest.....	£ 73,750,000
	150,000
	<hr/>
	£ 73,900,000
	<hr/>

As the four-per-cent. bonds have latterly commanded a premium of about sixteen per cent., and even the three and a-half per cents., a premium of one or two per cent., it is evident that the average interest received in their investments to secure circulation does not exceed three and a-half per cent. On ten per cent. of their bonds deposited they receive no circulating notes, and they have to keep five per cent. of the amount of their issues always on deposit in the Treasury without interest.

Upon the margin that is kept thus unremuneratively employed, they might otherwise be obtaining the usual commercial rate of interest, which even in New York City, averaged, during 1881, five per cent., and in various parts of the Union ranged much higher, even up to ten or fifteen per cent.

They have further to pay a tax of one per cent. upon the amount of their circulation, and to reimburse the Treasury for the expenses attending the redemption of their notes.

The actual net profit upon circulation, based upon four and three-and-a-half-per-cent. bonds, and with rates of interest on bank loans varying from five to ten per cent., is estimated to be as shown in the following table. It will be observed that the rate of profit is least where the rate of interest is highest, owing to the margin kept unemployd:

Class of bonds deposited.....	Interest at					
	5%	6%	7%	8%	9%	10%
	Profit per cent.					
4-per-cent. bonds at 16 per cent. premium	1.49	1.19	0.88	0.58	0.27	0.03
3½-per-cent. bonds at 1 per cent. premium	1.74	1.59	1.43	1.28	1.12	0.96

In consideration of the privileges of issue granted to the banks, they are laid under very minute restrictions as to the conduct of their business. These have indeed been felt so irksome, that it is probable that, as the inducements to maintain their circulation decrease by the decrease in interest on Government bonds, a growing disinclination to organize under the Acts may become apparent.

## THE NATIONAL DEBT—A NEW PLAN.

Senator John P. Jones has suggested a new plan of dealing with the National debt, in an interview with a reporter of the *Chicago Tribune*, the most material portion of which we append hereto. As will be seen, Senator Jones understands the Comptroller of the Currency to be disposed to favor the plan. If so, the annual report of that official, soon to be made, may very possibly contain some reference to the subject. It is one of great interest, in some of its aspects, to the National banks.

Senator Jones began the interview by saying that the great reform of 1844 in the British currency was made in such a way as to retain all the then existing rights of issuing notes enjoyed by the Bank of England and other banks in the United Kingdom to the utmost degree consistent with the reform determined upon. I believe that ultimately all the paper money in this country, whether the policy is to maintain it at a parity with the metallic standard or not, will and ought to be issued by the National Government; but the change cannot be made in a day or a year, and it cannot be even entered upon until the principles upon which the volume of the paper issues shall be regulated are fully discussed and settled. It is quite possible to make the transition a more gradual one by certain changes in the conditions of the National bonds upon which the National-bank note circulation is founded.

REPORTER—Will you please explain your plan of such changes?

Senator JONES—During the last session of Congress I submitted it to several of the Senators who have paid particular attention to the subject of finance, and notably to Senator Sherman, who agreed that the plan seemed to be a good one, but expressed the fear that, although the burden of the National debt might be largely reduced by the reduction of the rate of interest, the people would never be satisfied with the reduction in that form. I also made it a subject of conference with the Comptroller of the Currency. He said to me in substance that it seemed to him the most feasible way out of the difficulties which environ the banking system.

The plan is to offer to the holders of the four-per-cent. bonds redeemable in 1907 bonds bearing a less rate of interest, say three per cent. Some portion of the new three-per-cent. bonds might be made redeemable earlier, say in 1900. Of course the holders of the fours would have to be offered a premium in cash to induce them to make the exchange. There are in such a transaction the elements of a good bargain for the Government.

When a four-per-cent. bond sells at such a premium that the investor gets, say three per cent. on the purchase price, it is the same thing mathematically as buying a three-per-cent. bond at par, but practically we could get more than par for a three-per-cent. bond.

Naturally investors dislike paying premiums for bonds for many reasons; there is an apparent, if not a real, loss in the transaction. The investor is subjected to the alternative of the impairment of his

capital when the bond matures, or he must invest the one per cent. extra which he annually receives in some other interest-bearing security. This involves care and trouble, to avoid which is the special object of the great body of investors in Government securities.

Hence a par bond which yields to the investor the very same amount of interest on the investment which the bond bearing a premium yields to him is the more valuable of the two, because at the maturity of the par bond the original investment remains unimpaired, and that, too, without the trouble and care and vigilance necessary to maintain the original investment unimpaired on the bond purchased at a premium.

Money and brains invested together do and will command higher rates of interest than money alone. In the case of National banks buying four-per-cent. bonds as a basis of circulation, they pay, say, 120 for the bond, on which they get only 90 of circulation. A three-per-cent. bond at even 105 would be better for them on account of the profit they could make on the active use of the \$15 saved on the premium.

I therefore believe that the holders of a large portion of the fours could be induced to accept a bond nearer par and bearing a lower rate of interest by paying them in cash a less sum than would represent the mathematical parity between the bonds exchanged. This would effect an economy to the extent that it could be done, and at the same time furnish a more acceptable bond for the banks. Furthermore, to the extent of all the cash paid out in the operation, we defer the payment of the threes and three and a-halves, which are subject to call at the pleasure of the Government.

REPORTER—All this would be clearly agreeable to the banks, but would not the people be dissatisfied with the payment of money to effect the exchange of bonds without any nominal reduction of the debt?

Senator JONES—Not at all. The reduction of the interest on the fours redeemable in 1907 is just as much a reduction of that debt as a reduction of the principal would be. These bonds amount nominally to \$739,000,000, but actually the country is obliged to pay \$1,478,000,000 to redeem them—\$739,000,000 principal, and \$739,000,000 interest as expressed in four-per-cent. coupons for twenty-five years. If you reduce that part of the debt which is described in the coupons one-quarter, you reduce the totality of the debt one-eighth. The reduction of the debt in this way might not be so obvious as even a smaller reduction of principal, but is just as advantageous to the country. The people will quickly see and readily understand this. My idea is to substitute for the fours bonds at as low a rate of interest as would command par under normal conditions of the money market. It is quite possible that we might find next winter that a two-and-a-half or a two-and-three-fourths per cent. long bond would command par; if so, so much the better. In that case we would be obliged to pay a larger cash difference for effecting an exchange of the fours for them. I will only add that if we could reduce the interest of the bonds redeemable in 1907 to some rate of interest ranging from two and a-half to three per cent. we should have a better chance of buying them up in advance of 1907 without having to pay such premiums as would be distasteful to the people to see paid.

REPORTER—How much saving to the Government do you anticipate from the proposed exchange of bonds?

Senator JONES—A saving of five per cent. at least. This would

aggregate a saving of \$36,950,000, if the whole of the outstanding fours could be exchanged, and in that proportion for whatever part of the \$739,000,000 could be dealt with in that way.

REPORTER—What do you regard as the general sentiment among business men relative to our banking systems?

Senator JONES—There is an uneasy feeling among business men. It is not disputed in any quarter that the volume of currency must be constantly enlarged, in order to meet the requirements of expanding population and exchanges. Under existing law there can be no change in the volume of greenbacks. At the same time the volume of bank notes has been substantially stationary for several years. I believe the pinch would already be upon us if it had not been for the steady, although slow, additions to our money volume consequent upon the silver coinage act of February, 1878.

What business men now fear is that the bank-note circulation, instead of even remaining stationary, may soon begin to diminish. Against that danger the changes which I propose in the form of the National debt would, I believe, afford a sufficient measure of protection.

---

## SAVINGS-BANK DIVIDENDS AND INVESTMENTS.

The contrast in public opinion at different periods is no more conspicuously shown than in the varying light in which the public have regarded money—capital. "He that hath not received usury nor increase, hath executed my judgments, hath walked in my statutes." "Thou shalt not give him thy money upon usury nor lend him thy victuals upon increase." Shakespeare's wonderful powers of delineation and force of expression show to no better advantage than when portraying the despicable character of Shylock and his resources; at a time, too, when usury meant *any* interest, and not, as at present, an exorbitant one.

Now, the successful adjustment of the relations of capital and labor; the enabling the affluent, by judicious investments, to realize an income; the poorer, by a safe system of credit, to become affluent; supplying a currency that shall preserve the health and vigor, and answer the continually increasing demands of commerce, are questions that enlist the energies of the best minds of every country, and whose proper solution is the foundation of prosperity.

No sooner had the earning capacity of money come to be recognized than benevolent people began to devise means to enable the laboring class to fortify themselves against want in times of adversity, and compel their savings to share their daily labor, and lighten the burden of earning their daily bread. Of this spirit the Savings bank was born, and it is only by keeping this spirit in mind that we can arrive at a proper determination of the regulations that should control the reception and investment of deposits and payment of dividends.

The first banks for savings were those of Hamburg, founded in 1778, and Berne in 1787, restricted by their charters to the use of mechanics and servants. In 1799 Rev. Joseph Smith, of Wendover, offered to receive from any one of his parishioners any sum from

two pence upwards, every Sunday evening during the summer months, and repay the same at Christmas, with an addition of one-third of the sum as a bounty for frugality. If withdrawn before Christmas, nothing was paid. This was the first attempt to establish a Savings bank in England. Mrs. Priscilla Wakefield, of Tottenham, established the "Charitable Bank" in 1804, and paid interest at the rate of five per cent., providing the deposits were left at least a year. In 1807, Rev. John Muckersy established the "West Calder Friendly Bank," in Scotland, "for the savings of the poor." In 1808, four ladies and four gentlemen formed a society to receive the "surplus earnings of domestic servants," and allowed four per cent. interest thereon.

The first Savings bank in this country was organized as a voluntary association December 2, 1816, at Philadelphia. The act incorporating "The Provident Institute for Savings," in the town of Boston, was approved by the Legislature of Massachusetts, December 3, 1816.

This is claimed by some to be the first public act of legislation recognizing the benevolent character of Savings banks, and giving them the protection and regulation of law. Even in England the first Act of Parliament recognizing and regulating Savings banks was passed in 1817.

The first attempt to organize a Savings bank in this State was made in 1816. On November 29 of that year, a meeting was held in the City of New York, an organization effected, and the Legislature subsequently asked for a charter. The Legislature, distrusting the enterprise, refused to grant a charter. A meeting was held in the New York Hospital, December 17, 1817, which "*Resolved*, that the citizens present, with those who may hereafter unite in the measure, be constituted a *Society for the Prevention of Pauperism*," &c.

This effort eventuated in the incorporation, March 26, 1819, of the present "Bank for Savings in the City of New York." This bank had, on the first day of January, 1882, 100,898 different depositors, and \$40,469,204.08 of assets.

Could the grand success that was to crown the efforts of this "Society for the Prevention of Pauperism" have been foreseen, it would not have required three years of persistent application to the Legislature in order to obtain a charter.

It thus appears that Savings banks are the benevolent creation of Christianity and charity, designed to alleviate the evils of pauperism and improve the condition of the poor. They extend their advantages alike to the depositor and the public.

To the depositor, they offer security for his savings, coupled with a small interest thereon. They inculcate sobriety, frugality and habits of industry. They appeal to his manhood, to his pride, to his love of independence, to his affection for those who depend upon his efforts, and to the better qualities of his nature.

To the public they afford, from their aggregation of small sums, a convenient creditor. They become a patron of industry and enterprise. They guarantee the public treasury against the demands of pauperism; they give to the nation improved citizenship, and are auxiliary to the best functions of government.

These institutions have been organized to a considerable extent as appurtenances to banks of discount, in which cases, almost without exception, the interests of the discount bank are primary, those of the Savings bank secondary.

There are thirty-six of the 630 Savings banks—principally in the Southern and Western States—organized with a capital which raises at once conflicting interests. Both classes are a departure from the original and proper object of provident institutions, and should be discouraged.

Rare exceptions in small places may be found where they work well, but these exceptions only prove the rule. They should be separately organized and independently managed.

#### RESTRICTIONS UPON DEPOSITS.

Certainly, the use of these institutions should be confined to the class for whose benefit they were devised, and only that class who have not the time, opportunity, or ability to investigate and determine for themselves a proper investment or adequate means to enable them to pay for the information through private sources, should be permitted to become depositors.

In case of temporary embarrassment, the largest deposits, those belonging to what may be properly termed a capitalist class, would be soonest withdrawn, and whenever private investment promises better returns these funds leave the banks. Whenever money is cheap and hard to place, this class solves the difficulties of investment by placing their moneys in our Savings banks. Instead of supporting the banks, they make of them a convenience, and prey upon their resources; instead of being an element of strength, they are a constant menace.

Most States recognize this principle, and have fixed limitations designed to exclude this class of depositors. Instance: Connecticut limits amounts receivable in any one year from a single individual to \$1000. Vermont limits the aggregate to \$2000. New York limits the aggregate to \$3000. Massachusetts limits deposits to \$1000 from each individual, and allows it, by accumulation of interest, to reach \$1600, but allows no dividend upon any sum exceeding \$1600. Each of these States makes varying exceptions as to trust funds, &c.

Recently, while examining a discount bank, I found twelve pass-books from several different banks, and in four different names, but all belonging to the same individual, calling for sums aggregating \$28,000, put up as collaterals for a loan. While this shows that any law is liable to evasion, it emphasizes the necessity for specific regulations as to the reception of deposits.

#### DIVIDENDS.

New York banks in 1881 paid an average dividend of .0367 per cent., Massachusetts paid .04 per cent., Connecticut a little over .04 per cent.

While the expense of Savings bank management in New York is necessarily greater than in other States, the reason that depositors of New England banks received a higher rate of dividend is traceable to the fact that the New England banks are allowed a wider latitude in investment, and their securities, while possessing less elements of safety, yield a greater income.

#### INVESTMENTS.

There are four classes of securities in which New York Savings banks may invest:

*First.*—Securities for the payment of which the faith of the United States Government is pledged.

*Second.*—The stocks or bonds of any State of the Union which has not, for the period of ten years prior to investment, defaulted in the payment of either principal or interest of any debt authorized by the Legislature thereof.

*Third.*—The municipal obligations of any county, city, town or village of this State.

*Fourth.*—In bonds and mortgages on unincumbered real estate, situate in this State, to the extent of fifty per centum of its value, if improved, and forty per centum if unimproved property.

New Jersey's law is almost identical.

All New England States permit their banks to loan on personal security, municipal obligations of their own State, and specified cities of other States, bank stock and railroad bonds, with varying limitations and conditions.

It seems to me that the latitude allowed in some States transcends the bounds of discretion. It is true that laws may be prudently enacted in States essentially agricultural, or possessing no large cities, which would work infinite mischief in such a State as New York.

Institutions which border upon the great maelstrom of Wall Street, and are reached by its intoxicating influence, require stronger safeguards than those that are surrounded by the less turbulent influences of the interior.

As to bank-stock investments, the fact that the owner of bank stock, whether an individual or corporation, is liable to lose, not only the stock itself, but an amount equal to the par value of the stock in addition, is sufficient, in my judgment, to take such securities out of the province of discussion.

#### AS TO PERSONAL SECURITY.

I don't think Savings banks ought, under any circumstances, to loan money upon promissory notes, a maker and indorser or indorsers. Such loans do not possess the elements of security that should be thrown around the investment of these funds. There is another reason. A line of demarcation should be drawn between the business of Savings banks and other financial institutions.

They should not discount paper, buy or sell exchange, or otherwise trespass upon the proper business of discount banks. They should be confined to the province of receiving deposits and investing them with as much permanency as is consistent with availability.

Let trust companies, organized with large capital, securely invested, and carefully supervised, supply the space between such institutions and banks of discount and circulation.

In view of the remarkable reduction of the National debt, with State and municipal indebtedness much less in amount and still more rapidly disappearing, it becomes apparent that the scope of Savings-bank investments in some of the States must inevitably be enlarged.

The aggregate amount of bonds issued or guaranteed by the Government is \$1,517,285,012.

The aggregate amount of recognized State debts, at the census of 1880, was \$250,732,081, somewhat reduced by payment since.



. This, less \$113,967,243, the recognized debts of Southern States which have repudiated a portion of their debts, and the debt of Minnesota, leaves \$134,239,828, in which only our banks are permitted to invest.

The aggregate indebtedness of cities and towns (and in New England townships) containing populations of 7500 and upward, is \$664,346,913. The aggregate of these items is about \$2,300,000,000, and the total resources of Savings banks are in excess of \$1,000,000,000, or nearly fifty per cent. of that sum.

Railroad securities, in their enormous aggregate, and from their permanent character, naturally attract attention in connection with this question.

Several States permit Savings banks to invest in bonds of railroads that have paid interest upon their bonds and an annual dividend upon their stock varying from two to five per cent. for a preceding period of years ranging from two to five. Who is to determine what railroads have paid interest upon bonds and dividends upon stocks, as required by such a law? And where are they to find the data upon which to determine the same? It ought not to be difficult. The archives of the different States or of the General Government should show it.

The directors of railroad corporations sustain to stockholders the relation of trustee and *cestui que trust* (*Kerr on the Law of Fraud and Mistake*; *Angell and Ames on Corporations*; *Second Black's U. S. Reports*, 715, and authorities cited). In their fiduciary capacity they are bound to treat their stockholders as Savings-bank trustees their depositors, agents their principals, or guardians their wards. This is the *law*. All are familiar with the *practice*. Who are their stockholders, their *cestui que trust*? The general public. It must be within bounds to assert that four hundred thousand shares of our railroad securities change hands every day at the various exchanges wherein they are bought and sold. Their stockholders are a constantly changing quantity, and their roads should be managed in the interest of those coming in as well as of those existing. It is certainly the right of investors (the public) to know as much about the condition of a company as possible. How often do we hear it charged that a railroad has declared a dividend without earning it—sold bonds or issued stock to realize the amount or drawn upon its reserves.

Every railroad corporation should be required to file or publish monthly statements of their earnings and expenses, or at least, at the time of declaring a dividend, should be required to publish a verified statement of the data upon which such dividend is declared. Such information should not be locked up in the board of directors, to be exploded upon the market at some desirable time, either to appreciate or depreciate the stock. The public, as individuals, furnish the money to build and equip railroads and own their stock and bonds. Why should not these roads furnish them the information necessary to make their investments intelligently? Why should they not possess the data upon which to determine in their own minds, upon business principles, the value of a stock or bond?

A little more than a year ago Denver sold at 112 to 115, and Wabash Preferred approximated par. A short time since they sold at less than 50, and without any change in the value of these properties, and without any panic. Certainly, the valuation of Wall street is no criterion as to the value of a property. Over half the capital invested in railroads yields no dividend.

The BANKERS' MAGAZINE of January last shows the capitalization of the roads in the United States to be:

Totals .....	\$ 4,497,618,882
Paying (interest on dividends) .....	2,052,854,692
Non-paying .....	2,117,351,712

and for this state of affairs the railroad ventures of the West and South are not responsible.

"There are one hundred and thirty-two railroads in the State of New York which have cost (capitalized at) \$ 572,786,895. On more than one-half of this vast amount no dividends are paid. Only thirty-four pay dividends, whose cost is \$ 240,593,596. But these figures include the Metropolitan and New York Elevated Railroads, which cost \$ 53,038,332, and are not paying dividends now. Of those not paying dividends the Erie is most conspicuous. Its cost is reckoned at \$ 158,035,707."

It may be added that investigations conducted by the Legislature have shown that of the \$ 240,593,596 paying capital above mentioned, \$ 78,148,874 is pure "water," and of the non-paying, \$ 70,000,000.

In the absence of any calamity which shall again plunge our State and Nation into indebtedness, it is evident that railroad obligations must in the near future become a leading investment for even trust funds; but before these securities are thrown open to Savings-bank investments, legislation should precede, rendering accessible to investors the data from which to determine their value.

*First.*—The State should so regulate the reception of deposits as to confine these institutions to the poorer classes. I do not mean the poverty stricken, but that great portion of our people whose daily support depends upon daily labor, who dwell along the border line where useful, independent citizenship commingles with dependence that in various forms taxes the resources of Government—the missionary field where the Government, by proper inducement and facilities, may successfully rescue from mendicancy and crime.

*Second.*—By limiting investment to the best securities depositors should be guaranteed against loss.

*Third.*—By relieving Savings banks from the burden of taxation depositors should be insured a certain, though small, dividend.

Theoretically, every individual, and all property of whatsoever kind or description, enjoying the protection and fostering care of the Government, ought to bear a just proportion of the taxation necessary to support the Government.

The determination of that just proportion, and the just application of the principles of taxation—in themselves simple and elementary—to the various kinds of property, and the complicated and multitudinous interests of mankind involves a labor beset with difficulty, and which at best can be but approximately performed.

Formulating a law presents less of difficulty than its enforcement. Individuals and localities, alike selfish, ever have, and ever will strive to and measurably succeed in avoiding their proper share of taxation, by easy concealment and ingenious evasions. Banks alone are the exception. With the publicity constantly given their transactions they become a target upon which every tax gatherer scores a bull's eye.

The object of taxation is to support the Government. The object of Government is to furnish an instrumentality through which public opinion can assert itself to enable the community, receiv-

ing the submission and support of each individual member, to extend protection and proper care to every individual, define their respective rights and redress their respective wrongs. Blackstone says: "The only true and natural foundations of society are the wants and the fears of individuals." And adds, "that the three great requisites of Government are wisdom, goodness and power." *Wisdom* to discern the real interest of the community; *goodness* to endeavor always to pursue that real interest; and strength or *power* to carry this knowledge or intention into action.

The proper functions of Government are remedial as well as punitive. The *power* is represented by our constabulary, our militia, and our places of incarceration, and annually does the State take millions from the pockets of the taxpayers and expend them in protecting society from the incursions of its evil element.

The *wisdom* of Government easily discerned that economy and philanthropy alike demanded that *goodness* should precede a resort to power by first providing every aid and every inducement to good citizenship; and the benevolence, charity and conscience of the country has responded and assisted in providing eleemosynary and educational institutions and places of public worship. Recognizing in religion and the teachings of Christianity its strongest and best ally in conserving public morals and insuring good citizenship, the several States have exempted from taxation all church property and the property of kindred charities and benevolence.

Believing that education is the only guaranty of the intelligent exercise of the rights of citizenship and of the maintenance of Republican institutions, the several States exempt from taxation school property, both real and endowment, and in addition take from their citizens and annually expend many millions to educate their children, and in instances reaching into the family and disturbing parental government, declare that children shall avail themselves of these privileges and acquire such education as shall enable them in after life to become good citizens, care for themselves and become supports to the Government instead of dependents upon it. Does not public economy and public morality just as imperatively demand that citizens be taught to acquire habits of economy, thrift and enterprise? and that the laboring man be encouraged to so invest his savings—be they never so small—that they will supplement his daily labor in providing for himself and family?

To accomplish this benevolent purpose Savings institutions were conceived and created, affording the poorer classes, whose habits of life and knowledge of affairs preclude the possibility of their making wise and safe investments in their own behalf, to aggregate and invest their savings in some place of safety, easily available in case of want, and thus protect themselves, and at the same time protect the public, from claims that must otherwise be made upon it.

They not only do this, but they afford to our cities towns and villages a customer for their securities, and to real estate owners a desirable creditor from whom to effect loans.

It has been well said that "taxation diffuses itself, and by laws which it is beyond the power of man to contravene, though he may make the diffusion for a time unequal."

The relation subsisting between all enterprises based upon capital is so intimate, the sympathy so close, that any cause that serves to depress or appreciate one by natural laws, ultimately extends its influence to all. However unjust or unequal the assessment may

be, as to parties immediately affected, this unwritten law, that defies parliaments and kings, is constantly enforcing equalizaion. How true this is in reference to the subject of discussion. Whatever tax you may exact from Savings banks, with added volume, must be expended in aid of that class for whose benefit these institutions are created.

Analyzing the tax levy, and noting the vast sums annually drawn from the public for purposes of education, for the suppression of crime and for the alleviation of suffering and want in various forms—exceeding \$22,000,000 in the State of New York alone—can one doubt the economy of adding to moral and intellectual training that of self-dependence and self-support?

Why should such institutions be taxed? They are managed by trustees who are managed by trustees who are allowed no pecuniary interest in their management, and are held to the most stringent accountability for their trust.

The law leaves them but one motive in becoming trustees—a desire to help their fellow-men.

'Tis not a question of taxing vast amounts of capital, but a question of taxing about three million depositors, living throughout the Union. How far do they escape taxation? Their real estate is taxed; the real estate upon which they hold mortgages is taxed. Whatever equities may exist between the mortgagor and mortgagee as to who should pay the tax, the fact remains that the mortgagor does pay it, and human ingenuity cannot devise a reason why it should be twice taxed.

United States bonds are exempt from taxation. Yet it is within the power of a State to impose a franchise tax upon Savings banks, and thus indirectly tax these bonds; but to do so is a very unjust discrimination. The available fund which is kept on deposit with banks or bankers, or loaned to them upon collaterals, pay the Government tax of one-half per cent. The General Government imposes a tax of one-half per cent. on all deposits exceeding \$2,000, permitting a deduction of United States bonds held.

All citizens are allowed an exemption from taxation, usually an amount equal to the value of property exempt from execution. In New York it would range from \$250 up, depending upon the value of the articles specifically exempted.

Because a man's all happens to be in a Savings bank should he be deprived of the usual exemption?

The different items of assets above mentioned, as taxed in one form or another, or exempt from taxation by United States law, constitute sixty-two and one-half per cent. of the total resources of our Savings banks. And yet, in addition to this, nearly every State imposes a tax on deposits, ranging from one-quarter to one per cent.

A tax would reduce the surplus, lessen dividends, discourage deposits, impair the usefulness of these institutions, and injure the public far beyond the measure of the tax received.

Security is the fundamental principle. Limited deposits, restricted investments, immunity from taxation, economical management, conservative dividends, insure security.

Security for the principle first, and security that the dividend, small though it be, will follow.

History shows that no Savings banks resting upon that foundation have fallen.—*Address of Hon. A. B. Hepburn, Bank Superintendent, before the recent Bankers' Convention.*

## CONDITION OF THE VERMONT SAVINGS BANKS.

The Inspector of Finance has presented his report to the Legislature, showing the condition of the Savings banks in the State for the year ending June 30, 1882. The most important features in this document we shall now lay before our readers.

The whole number of depositors in all the Savings banks and trust companies in this State was 42,583, an increase during the past year of 4204, and 7714 more than two years ago.

There was to the credit of such depositors on the thirtieth day of June last, \$12,675,269.71—an increase in amount of deposits during the year of \$2,015,784.59, and an increase in the two years of \$3,599,955.32.

Of the amount of deposits now in all the Savings banks and trust companies \$10,221,178.52 belongs to depositors living in this State and \$2,454,091.19 to non-residents.

The average amount to the credit of each depositor is \$297.66—an increase in average amount of \$19.92, as compared with one year ago.

The reports show that there was 27,996 under \$250 depositors, whose deposits amounted to \$2,188,656.44 and an average to each of \$78.10—a decrease in average amount of \$2.08 during the year. The 14,587 large depositors (over \$250) had to their credit \$10,486,613.27—an average to each of \$718.90 and a decrease for the year in average amount of \$8.52.

There were 373 depositors having to their credit over \$2000 each; 211 of such deposits were in the six trust companies, which are not restricted by law in the amount of deposits they may receive from any one person, while the strictly Savings institutions are prohibited from receiving and paying interest upon over that amount to any one person, except to widows, orphans, executors, etc., as provided by section three thousand five hundred and seventy-three revised laws.

Since the close of the year the Inspector says he has made a special inquiry in regard to this class of deposits, and in the strictly Savings banks, in nearly every case, what are not the deposits allowed by law have accumulated to exceed the limit allowed by law (\$2000) by the addition of the semi-annual interest, on the thirtieth day of June last; and it was found to be the general custom among the officers of the Savings banks to cause payment of such excess during the month following the semi-annual period, and in no case did he learn that interest had been allowed on such excess since the law became operative.

He thinks it would be wise for the Legislature, at its coming session, to reduce the amount allowed to the credit of any one individual depositor, to draw interest to \$1500; and make it unlawful hereafter for any Savings-bank officer directly or indirectly to receive or hold from any one person a deposit or deposits in excess of \$1500 under a heavy penalty, except in certain cases, similar to what is now allowed by law. It might be wise to allow such deposits when known to be from *worthy* persons, to be in-

creased by semi-annual dividends only, until they amount to \$2000.

Such a restriction would draw out from the Savings banks quite an amount of their surplus money, which they were never created to have the care of, and leave them for the benefit and use of a class in every community who have but little money and no capacity for caring for it. He had reason to believe that the Treasurers of the more conservative and best managed banks would be glad of such a change in the law. It was true that discretionary power is now given to trustees "to refuse any deposit, at their discretion, and they may also at any time return all or any part of any deposit," and in one or two cases all deposits in excess of \$1500 have been returned to their owners, but, as a rule, the \$2000 limit is considered by bank officers the line to which deposits are allowed to be made or to accumulate to. Most of the Savings banks, however, have not knowingly allowed deposits to be made from moneyed men, or for the purpose of avoiding taxation, while others less discreet have, he fears, allowed, and in some instances encouraged, large deposits from parties not entitled to their protection. Such depositors, with some worthy exceptions, possess sufficient ability to invest and care for their own money as well as the Trustees of our Savings banks can for them, and should not be allowed to keep in or crowd their funds upon the Savings bank to the detriment, as it nearly always is, of the smaller and more deserving class of Savings-bank beneficiaries, for whose benefit our Savings institutions were chartered, and for whom they should be closely guarded by the Legislature.

Small and deserving depositors should not be made to suffer by increased taxation upon their deposits, but stringent laws should be passed to prevent deposits of capable and undeserving persons being received into our Savings banks or trust companies.

The reports show that there has been credited to depositors' accounts for the past year for interest on deposits and as dividends to stockholders in trust companies, \$382,821.05—an increase of \$30,849.71 over last year. The foregoing does not include in either year the amount paid out by the six trust companies, to their depositors as interest, only the dividends paid by four of their number to stockholders. The State Trust Company of Rutland and the St. Albans Trust Company did not pay dividends to their stockholders during the year ending June 30, 1882.

The rate per cent. of dividends paid depositors in the sixteen Savings banks is a fraction less than last year—seven paying four per cent.; five, four and one-half per cent.; and four, five per cent., which latter rate is the highest allowed by law.

The per-cent. dividends which several of the Savings banks have in the past been able to pay must necessarily decrease each year, as the bonds and securities now owned by the banks, bearing a high rate of interest, mature and are replaced by those bearing a very much lower rate, as is now the case with nearly all first-class securities offered or obtainable. It is to be feared that the officers of our various institutions will not soon enough realize this fact and reduce the per-cent. dividends in anticipation of what they will sooner or later be compelled to do.

In his judgment, a few of the banks, both last year and the present, while not perhaps transgressing the letter of the law, paid too-large dividends, and more than they can in future do with

safety. The Trustees of such banks should give this matter serious attention, and there should be no strife between any of the banks in regard to dividends or deposits, but, on the contrary, a desire to build up sound and safe institutions should be uppermost in the minds and actions of the Trustees and officers of our Savings institutions. More or less losses and depreciations are almost inevitable, and premiums on bonds as they approach maturity vanish. It is, therefore, very important that provisions for such events be anticipated by not too large dividends and by retaining a reasonable surplus to meet such contingencies. He recommends that the least amount now required by law to be set aside each six months as a surplus fund be increased from one-eighth to one-quarter of one per cent. of the amount of deposits.

The present undivided earnings, interest and surplus, held by all the banks, amount to \$439,624.21, and is \$105,695.41 larger than last year. But in some cases, owing to a change by law in the day of making returns from July 1 to June 30, the last six months' dividend had not been taken from undivided profits on the 30th of June. And in some cases premiums on bonds had been allowed to enter into the reports to swell resources and thereby increase accumulations.

There has been an increase as compared with one year ago in the amount loaned on mortgage security in this State of \$118,197.93, and on real estate security out of the State, \$948,738.54. Loans on personal security are \$525,964.72 greater than last year, and loans to towns, villages, etc., are \$37,685.71 in excess of last year; and loans on bank stocks \$69,712.03 larger.

There is \$61,645.02 less invested in real estate, acquired by quitclaim deed or foreclosure, and nearly the same amount invested in United States bonds as a year ago. The amount now invested in a very good class, generally, of State, city, county, town, village, etc., bonds is now \$2,425,804.00; an increase during the year of \$436,472.99. In National-bank stocks there is now owned what has cost the respective banks \$321,514.50; an increase over a year ago of \$27,827.00. The items comprising miscellaneous assets can be ascertained by examination of the detailed reports. The amount of cash on hand and on deposit in bank June 30, 1882, was the large sum of \$710,514.45, which is about one-eighteenth part of the whole deposits in all the banks, and altogether too large a sum to remain idle, or draw a very low rate of interest, to the detriment of the older and smaller class of depositors.

The six trust companies have a capital of \$450,000, the same as one year ago, and their deposits, June 30, 1882, amounted to \$2,836,113.04 an increase during the year of \$783,235.28, which amount is over one-third of the whole increase in deposit in the twenty-two Savings banks and trust companies for the year.

As stated in his report to the Legislature of 1880, the trust companies are not subject to the general law under which the Savings banks act, except so far as it relates to making annual reports, the giving of bonds by their Treasurers, and other minor matters; their officers are not required to be sworn for a faithful performance of duty; the amount of deposits that they may receive from any one individual is not limited by law; and the reports show that \$627,933.78 of the total amount of \$993,223.27 of over \$2000 deposits are held by the six trust companies. It seems to him that a general law should be passed under which they should uniformly act, or the present law so amended as to bring them under more

of the provisions of the general Savings-bank law, as by the people at large they are considered very much of the same character as our Savings banks, but they are not amenable to the same law to any great extent.

There has been a large increase (\$948,738.54) in the amount of loans on real estate security outside the State during the past year, mostly in Western States, and on similar security within the State only \$118,197.93 increase has been made. There is at the present time but little demand for first-class mortgage-loans in this State, and that class of loans are also being rapidly reduced and paid off, and with the constantly-increasing deposits, investments have to be made outside the State. From such information as he was able to obtain from the officers of banks making such loans, they have proved as safe as those made on real estate in Vermont, and the per-cent. losses not now larger than upon similar loans in the State.

The greatest care should be taken by the banks in selecting their agents, necessary for such business, and no loans should be made in his judgment, as our law now is, until the application and papers have all been before the Trustees, or a committee of their board, and approved and accepted, according to law, before the money is paid over. From what can be learned, it is his opinion that such agents now employed by several of the Vermont banks are responsible and reliable parties; but the practice of placing money in their hands on deposit for investment he does not consider as warranted by the present law; and if necessary so to do in making such loans, which the law authorizes, the Legislature should take the responsibility by legalizing it, and not the officers of our Savings banks. Some of the banks have loans upon, and have invested in, securities, unwittingly in some instances, not authorized by law, as he interprets it, and still they are not perhaps any more hazardous than securities authorized, and were no doubt taken in good faith and quite likely will prove well, but the practice should not be continued.

The investment of deposits in safe and paying loans and securities is becoming a matter of great anxiety to the Savings-bank officers and it should be a matter to which they should give the greatest care and attention, and upon which they should act with caution, as it is the most important duty that they have to perform.

As to the whole matter of investment of such funds it seems to him that the Legislature should give its attention, and enlarge or restrict the kind of investments allowable, as in its wisdom it shall seem safe and best to do.

In his report to the Legislature of 1880 the attention of that body was called to the practice in some of the Savings banks and trust companies of making excessively large loans to one individual or firm, or upon one class of securities; and also to the fact that no restriction is made by law upon the amount that any one loan shall be confined to, or any authority vested in the inspector of finance to require collection of such loan if found, when known by him to be too large and questionable as to security.

Some limitation, based upon the amount of deposits held, should be made by the Legislature above which neither Savings bank nor trust company should be allowed to loan to any one person or firm, and full authority should be given the inspector to enforce compliance with such law.



But small losses have been made and charged off as worthless during the past year, and nearly all that have accrued have come from over-loans on real estate and the sale of the same acquired by foreclosure.

The six trust companies it will be seen have continued to pay a tax as heretofore to the United States Government of one-half of one per cent. annually upon their deposits; and the Farmers and Mechanics' of Burlington, the Montpelier Trust Company and the State Trust Company of Rutland have each also paid the State tax on their deposits, the same as the sixteen Savings banks, amounting to \$6,856.65 for the year.

The other three trust companies have not become liable to the State for the direct tax, and their deposits have not therefore by law been exempt from regular State and local taxation. The State Treasurer received from the Savings banks during the year, including the above amount from the three trust companies, under the direct-tax law \$53,681.12, and that officer distributed to towns, \$42,760.36, leaving in the Treasury of the State from non-resident deposits \$10,920.76 for the use of the State. There was \$11,422.80 more collected from the direct tax than last year, and only \$452.83 more left in the Treasury from the tax on non-resident deposits. It seems to him that the whole proceeds of this tax from deposits should remain in the State Treasury, for the use of the State; in which case every town would then more equitably participate in its benefits by the reduction of the amount of State tax that it would otherwise be necessary to raise.

---

### THE MYSTERIES OF METALS.

The changes which are wrought in iron and steel by converting annealing, and hardening processes are far from being understood by the most advanced metallurgists of the present day. The mysteries of hydrogen gas and its intimate relations with iron are as much a puzzle as they were fifty years ago, and the theory advanced by Graham that hydrogen itself is a metal is still maintained by many chemists. It is only a few years since that absolutely pure iron became known to scientists; and it is now shown to be a metal almost as "unstable as water," and still found in the laboratory as a great curiosity. What had previously been known as pure iron was shown by Jacobi to be a compound of iron and hydrogen. He first separated the two so-called elements. During the process the iron increased in volume, changed from a dark to a silver white substance, very ductile, and so soft as to be nearly as readily cut as lead. The experiment proved that hydrogen played an important part in hardening and tempering steel—as much so as carbon—but how or why none know to this day. It is found that much more difficulty is found in rolling, and otherwise manipulating, gold in a factory where much electricity is generated by the action of the machinery than in a room where no machinery is in operation, and where, consequently, frictional electricity is absent. This trouble is manifested in a disposition of the edges of the plates of thin bars to crack. Many other peculiarities, already known, might be mentioned, and there is no doubt that closer observation will still largely increase the number of curious and as yet inexplicable phenomena connected with the working and general characteristics of the metals, both useful and precious.—*Mining and Scientific Press.*

## CURRENT EVENTS AND COMMENTS.

## HOW FARMERS ARE RUINED.

In an interesting letter recently published in the New York *Herald* respecting the stock raising of the country, the author went out of his way to introduce for comparison the prices of farm produce and stock, as found in a paper published in the interior of the State of New York in 1816, and the prices of same at the present time, the purpose being to show how the railroads and manufacturing monopolies have crushed the farmer. The figures are so suggestive that we copy them:

	1816.			1882.		
Wheat was then from.....	25	to	44	..	\$ 1	42
Corn.....	12½	to	20	..		60
Oats.....			15	..		60
Eggs, per dozen.....			5	..		15
Barley, per bushel.....			25	..		80
Butter, per pound.....	5	to	12	..		40
Cheese, per pound.....	3	to	6	..		13
Cows, per head.....	\$ 10	00	to	\$ 20	00	to 100 00
Cattle, per yoke.....	25	00	to	45	00	to 250 00
Hay, per ton.....	3	00	to	5	00	to 20 00
Straw, per ton.....	2	00	to	4	00	to 16 00
Carriage horses, per span..	150	00	to	200	00	to 1200 00
Sheep, per head.....	50	to	75	..	1	50 to 2 50
Farm labor, per month....	3	00	to	8	00	to 25 00

Formerly, and, indeed, nearly to the date that American manufacturers assumed an importance, the farmer was obliged to exchange his produce for store goods at very high prices, cash being almost out of the question. The following prices in 1816 and in 1882 for a few manufactured goods and other merchandise purchased by the farmer indicate the great change in favor of the agricultural classes and other consumers during the interval:

	1816.				1882.			
Cost of steel, per pound....				17	..			10
Sawplate, per pound.....				40	..			26
Nails, per pound.....				12½	..			4
Broadcloth, per yard.....				\$ 16	00	..		\$ 4
Woolen blankets, per pair..	\$ 10	00	to	20	00	..	\$ 3	00 to 10 00
Cotton cloth, per yard.....	30	to	50	..	4	to	12	
Calico, per yard.....	25	to	75	..	4	to	15	
Salt, per bushel.....	1	00	to	4	00	..	15	to 25

That is to say, the average increase in the price of farm produce during the last sixty-six years has been from 300 to 400 per cent., while the average decrease of the price of manufactured goods during the same period has been from 200 to 400 per cent. All of which is due to the grasping railroads and the introduction of diversified industries engaged in manufactures and fostered by a protective tariff.

## CANADIAN FORESTS.

The geographical distribution of the forest trees of Canada is shown in a pamphlet recently issued in the Dominion, compiled from the geological survey of Canada and other works. The northernmost timber tree is the spruce, the northern limits of trees

being determined by the temperatures at which their seeds will ripen. The chestnut and black walnut scarcely touch the Dominion line, and timber from those sources is exhausted practically in Canada. The white pine is becoming scarce in many parts of the country. The white elm and ash-leaved maple alone hold a continuous line through Canada to the Rocky Mountains. The trees stop short or change their course to the south when the prairie region west of Lake Winnipeg is reached. On a map the lines indicating the presence of the various trees take interesting directions. The supposed timber wealth of Canada has been exaggerated, and the renewal of forests is a subject attracting the earnest attention of the Dominion authorities.

#### *TAXATION OF TOBACCO IN FRANCE.*

The revenue derived from the sale of tobacco in France now amounts to more than £10,000,000. Tobacco was first taxed as an article of consumption in France in 1621, but half a century later the exclusive privilege of manufacturing and selling tobacco was assumed by the State, which made it over to the farmers-general, who paid as much as £1,280,000 per annum at the outbreak of the Revolution, when the exclusive privileges of the State were abolished and the manufacture and sale of tobacco made free. The tax imposed upon tobacco fell in the course of twenty years to as little as £520,000, and Napoleon revived the monopoly of the State, which still subsists just as it was in the year 1810. Since that time the revenue has steadily risen, reaching £5,000,000 in 1852, £7,000,000 in 1862 and £10,000,000 in 1872. The quantity of tobacco consumed is reckoned at 33,000 tons per annum for the last five years, or rather more than treble what it was half a century ago.

#### *THE SAHARA INLAND SEA.*

The French Government have recently bestowed greater attention upon the project, which has been before the public for several years, of connecting the depression of Rharsa and Melrih, in the Northern Sahara, by a sea canal, with the Mediterranean. The basin in question, probably a dried-up salt lake, has an elevation much lower than the level of the Mediterranean, the depression being in some places as much as 165 feet below that level. It is proposed to admit the sea-water into this natural basin, which covers a surface seventeen times the area of the Lake of Geneva, by a canal, starting from the Bay of Gabes, thirty-three feet deep and 330 feet wide, of a total length of 150 miles. In order to reduce the heavy expense attaching to the construction of such a canal, it is to be made at first of smaller dimensions, leaving the remaining work to be done by the flow of water. The benefits which France will derive from such a work are evident. It is expected that the canal and the inland sea would favorably change the climate of that terribly sterile region, improve French trade with Algeria and the Soudan, and confine the hostile irruptions of the Sahara tribes. But serious apprehensions are felt as to the success of the undertaking, which has been planned by Major Rondaire. It is especially feared that, on account of defective circulation, the process of evaporation would involve a constant inflow from the Mediterranean, which would soon surcharge the new inland sea with salty matter, and in that case destroy all existing organic life, thus converting it into another Dead Sea. The French

Government, in order to arrive at a true solution of the problem, have appointed a commission charged with thoroughly investigating the question of this inland sea. Its report will be looked forward to by all interested in the matter.

#### *CONSUMPTION OF WOOD IN EUROPE.*

In regard to the forests of Europe and the exhaustion of the timber supply there are some significant facts that are deserving of notice. Sweden and Norway, which still do a large export trade in deals, are now compelled to buy their oak in Poland; and in Russia the forests along the shores of the Baltic, in Finland, and in the Southern Provinces, are so rapidly thinning that the forest acreage of the Empire is now only one in ten. There are about 34,000,000 acres of forest in Germany (of which twenty millions are in Prussia), estimated to be worth \$2,500,000,000, and bringing in an income of \$50,000,000 per annum. The State forests are taken great care of in all parts of Germany; in Prussia alone \$500,000 being spent every year in replanting. The imports of timber exceed the exports by over two million tons. The oak and the beech are the kinds of trees which do best in Denmark, but the timber trade of that country is very small. Austria and Hungary have upward of 43,000,000 acres of forest; but in Austria proper the State does not possess more than seven per cent. of the wooded area, as, owing to the wasteful policy of the Ministry of Finance from 1855 to 1872, more than five million acres were sold for sums so far below their value that there was a popular saying in Vienna, "If you want to become rich buy State forests." The speculation came to an end in 1873, but Austria is now obliged to buy most of her timber in Bosnia and Montenegro. Servia and Roumania have some very fine forests, but Italy, though her forest area extends over nearly 14,000,000 acres, does not do much in the way of a timber trade, as the roads leading to the forests are so bad that it is almost impossible to move the timber when cut. Much the same is the case with Spain, which is stated to have 8,500,000 acres of forests; while Portugal, which has only a million acres, finds a good market for her timber. Sweden and Norway export about \$160,000,000 worth of timber every year, and at this rate their fine forests will soon be exhausted; while Russia, where the annual consumption of timber is put at \$180,000,000, exports only \$24,000,000 worth. In Germany, as we have stated, the imports exceed the exports; but in Austro-Hungary the latter are, from last estimates, \$20,000,000 more than the former; while in France the annual imports are estimated at \$44,000,000, and the exports \$6,000,000, and in Belgium at \$8,800,000 and \$6,000,000 respectively. England buys about \$54,000,000 and Holland about \$10,000,000 per annum; so that the imports into Western Europe may be put at \$180,000,000, taking one year with another.

#### *MANUFACTURE OF ALBUMEN IN MOSCOW.*

The albumen, which, as is well-known, is of great importance in calico printing for fixing colors, is manufactured in Russia both from eggs and from blood. The manufacture of egg albumen in the neighborhood of Moscow is carried on in the houses of the country people, who bring their product to the town in small quantities. Their albumen is generally roughly prepared and of bad appearance, and often spoils. But egg albumen is produced on a

manufacturing scale in the neighborhood of Korotscha, the largest establishment there numbering sixty to seventy workwomen, and has used eight millions of eggs, producing about 1500 pud albumen, of the value of 60,000 roubles. In the same place there are two smaller establishments, one employing twenty to thirty women, and treating about two and a-half to three million eggs yearly. Last year the production did not come up to the demand, on account of the scarcity of eggs, and the price rose from thirty-seven to forty roubles per pud in 1879 to fifty-four to fifty-five roubles in 1880. The yolks of the eggs are mostly exported to Germany, where they are used in the manufacture of gloves. Blood albumen, of good quality, is manufactured near St. Petersburg, in an establishment quite close to the central slaughter-house, so that the serum is obtained quite fresh, and is brought at once into the drying-rooms. The blood albumen produced in other parts of Russia is not of so good a quality as that prepared in St. Petersburg. There are three large blood albumen works in Moscow, which are, however, situated at some distance from the slaughter-houses. The prices vary a good deal—from fifteen to thirty roubles, and even forty roubles, per pud. The St. Petersburg brand is sold always five to ten roubles higher than the others. St. Petersburg produces yearly 4000, Moscow 2000, and the other towns about 1300 puds, so that the whole production is about 7300 puds.

#### RAILROADS IN CHINA.

China has at last opened her doors to that great enemy of superstition, the railway. It will be remembered that a few years ago an experimental road of two-feet gauge was built by a company of Englishmen from Shanghai to Woosung, a distance of nine miles, but so great was the prejudice of the people against this modern institution that it was only allowed to be operated a few weeks when the Government took possession, tore up the track, and sent the rails, locomotives and cars out of the country. But China is growing more progressive, and now we learn from Mr. Chenng Lenng, an officer of the Imperial Consular service, who passed through Chicago a few days ago, that another railway is about to be undertaken. It is to run from Kaiping coal mine to the sea-shore, a distance of about eighty miles, and will be built by a Chinese company, assisted by the Government, which is favorable to the enterprise. Some of the material has already arrived from England, and work will be commenced in a few months, and Mr. Lenng believes that as soon as the wheels on this road commence to move the remaining prejudice against railways, which he says prevails among the lower classes only and not among the more intelligent, will pass away, and ere long a network of lines will cover the country. Already a great line to extend across the Empire is being talked of. The telegraph has for some time been established, and is extended through northern China, but it has been discovered that without railways it is difficult to repair the telegraph lines and to make the most of them. The road now under way is intended chiefly for the transportation of coal, though a general freight and passenger business will doubtless spring up and grow. The material and equipment for the new road will be of English manufacture, but American enterprise will certainly not permit the enormous field which China is destined to afford to be monopolized by our English brethren.—*Railway Age*.

## ADMINISTRATOR'S LIABILITY FOR LOSS OF TRUST FUNDS BY BANK FAILURE.

WISCONSIN SUPREME COURT.

*Williams v. Williams.*

Where an administrator makes a general deposit in his own individual name of funds of the estate in a bank which fails while holding such deposit, the loss is his own, and not that of the estate: and this though he has no other funds in such bank, and informs its officers, at the time of making the deposit that the funds are held by him in trust.

Appeal from a judgment of a Circuit Court affirming an order or judgment of a County Court, disallowing a credit of an administrator and holding him to an accountability for moneys belonging to an estate and which had come into his hands. The moneys in question he had deposited in a bank, taking in his own name a certificate of deposit for the amount. At the time he made the deposit he informed the teller of the bank that the amount was trust funds but gave no further information or direction. The deposit was placed to the individual credit of the depositor on the books of the bank and remained there until the bank became insolvent and worthless. The bank at the time the deposit was made was in good repute and believed to be solvent. The administrator appellant.

CASSODAY, J. The very small portion of the argument heard, and a hasty reading of the printed briefs, strongly impressed the writer with the justice and equity of the appellant's theory; but my brethren, who heard all the arguments, are clearly of the opinion that the findings of the Circuit Court are in accordance with the evidence, and that the law applicable thereto rigidly holds the administrator accountable for the amount of the deposit in question. A very careful examination of the authorities induces me to acquiesce in their judgment. Undoubtedly the general rule is that trustees are liable only for good faith and common prudence, and that if a loss happens to a trust fund, in relation to which they have exhibited this care and prudence, they may be allowed for the loss in their accounts. This is abundantly shown by the authorities cited by the able counsel for the appellant. But here the trust fund was not left with the bank for safe-keeping, and to be preserved in kind as a special deposit, but as a deposit to the credit of the depositor, and the amount of which was "payable to the order" of the depositor "in currency on the return of" the "certificate properly indorsed." Thus it is plain that the identical money deposited was not to be returned, but the amount of it was to be paid "in currency" on presentation of the certificate properly indorsed. In other words, the depositor parted with the money for the general use of the bank, and took from the latter its obligation to repay a like amount in currency when required as stated. The authorities seem to hold, and it would probably be conceded, that the *cestui que trust* of this fund could have held the bank liable as against the personal representatives, creditors, or legatees of the depositor. But the question here is whether the depositor is released from liability to his *cestui que trust* by reason of such deposit, and the subsequent failure of the bank?

The earliest case cited is *Knight v. Lord Plymouth*, 3 Atkyns, 480; S. C., 1 Dickens 120, decided by Lord Chancellor Hardwicke in 1747, where it was held that "where a receiver pay money to a tradesman, and takes bills for the sum, if he was in credit at the time, though he fails soon after, it shall not affect the receiver." It does not appear from the report of that case whether the deposit was made by the receiver *as receiver* or as an individual.

In *Wren v. Kirton*, 11 Ves. Jr. 377, Lord Chancellor Eldon, said: "In *Knight v. Lord Plymouth*, I apprehend, the deposit with the country banker was to the account of the receiver *as receiver*; not to his individual account." And subsequently, in the same case, he said: "I should not much fear to contradict that case of *Knight v. Lord Plymouth*, upon what has been done by later authorities, if it is as represented; for nothing is more dangerous. . . . If he goes to a responsible banker, and gets a bill upon a responsible house in London in his favor *as receiver*, that bill, so ear-marked, would be specific assets to the credit of the trust property." And so in the case last cited, he held the "receiver charged with a loss by the failure of the banker; having made the remittances to his own credit and use, and not to a separate account for the trust." The same rule was followed by Lord Chancellor Brougham in *Salway v. Salway*, 2 Russ. and Myl. 215, subsequently affirmed by the House of Lords, id. 751. See *White v. Baugh*, 3 C. and F. 44. It is true that *Knight v. Lord Plymouth* has frequently been referred to in other cases without such discrimination (*Routh v. Howell*, 3 Ves. Jr. 566; *Lovell v. Minot*, 20 Pick. 119; *U. S. v. Thomas*, 15 Wall. 343; *Searwell v. Greenway*, 22 Texas, 697); but the distinction thus made by Lords Eldon and Brougham seems to be well supported by authority. See *Massey v. Bonner*, 4 Mad. 413; *Tebb v. Carpenter*, 1 id. 290; *Matthews v. Brise*, 6 Beav. 239.

In holding the trustee liable in the last case cited, the learned master of the rolls lays stress on the fact that the exchequer bills "remained undistinguished" as trust property in the hands of the broker, and indicates that if he would have escaped liability he should have distinguished them as such trust property. To the same effect is *Massey v. Bonner*, 1 Jacob and W. 248, where Lord Eldon said: "If an assignee pays money into his banker's hands as money belonging to the estate, and the banker fails, the assignee is undoubtedly clear from the loss; but if instead of distinguishing it, he pays it all into his own account, then it is his account there; there is nothing like a declaration of trust of it, and it is familiar to consider him as having it in the banker's hands for himself, making him liable for it, etc. . . . I cannot doubt that this principle has been acted on with trustees and executors, who are equally gratuitous agents with this defendant."

In *Robinson v. Ward*, 2 Car. and Payne, 60 Abbott, C. J. (Lord Tenterden), speaking of the method by which the agent might have escaped liability, said: "The defendant should have paid this money into a banker's hands by opening a new account in his own name, 'for the credit of Robinson's estate,' and so ear-mark the money as belonging to that estate; then it would have been kept separate." See also *Macdonnell v. Harding*, 7 Simon 178; *Hammon v. Cottle*, 6 Serg. and R. 290; *Cartwell v. Allard*, 7 Bush 482; *Bartlett v. Hamilton*, 46 Me. 435.

In *Norris v. Hero*, 22 La. Ann. 605, it was held that "an agent who, when it becomes his duty to deposit in bank the moneys of his principal, fails to make the deposit in the name of his

principal, becomes personally liable for the amount. In such a case the agent will not be permitted to urge the failure of the bank after the deposit was made, and throw the loss on the principal." To the same effect is *Mason v. Whitthorne*, 2 Coldwell (Tenn.) 242. The rule would seem to be imperative that "an administrator or trustee, who deposits trust funds in his own name in a bank or other institution, which fails, the loss will fall upon him." *Commonwealth v. McAlister*, 28 Penn St. 480; S. C., 30 id. 536. In the opinion of the Court in the last case, Porter, J., said: "If he (the trustee) undertakes to make a deposit in a banking institution, the entry must go down on the books of the institution, in such terms as not to be misunderstood, that they are the funds of the specific trust to which they belong. He cannot so enter them as to call them his own to-day, if they are good, and to-morrow, if bad, ascribe them to the estate, or shift them in an emergency from one estate to another; or by the deposit secure the discount of his own note, and have the deposit snatched at by the bank, if the note be not paid, or attached by a creditor as the depositor's individual property. . . . No matter what he intends to do, or what the cashier or clerk may think he is doing, the deposit must wear the impress of the trust, or he cannot, when brought to account, call it trust property." See *Baskin v. Baskin*, 4 Lansing 90.

Following in the line of the English cases, it was held in *Jenkins v. Walter*, 8 Gill & J. 218, that "where a guardian had received a sum of money belonging to his ward, and on the day of its receipt had deposited it in a banking institution, then in good credit, but which subsequently failed, and taken a certificate therefor payable to himself or order, the loss resulting from the failure of the bank should fall upon him, though on the day of the deposit, by indorsement on the certificate, he declared it to be the property of his ward, and placed in bank for his benefit." So, Mr. Perry, on the strength of some of the English cases cited, says: "If money is to be transmitted to a distant place, a trustee may do so through the medium of a responsible bank, or he may take bills from persons of undoubted credit, payable at the place where the money is to be sent; but the bills must be taken by him *as trustee*. If he neglects these precautions he will be responsible for any loss." Section 406.

It is true that in some of the cases cited the trustee had at the time of making the deposit a credit to his individual account at the bank, and such deposit was credited to him individually in the same account. But the test is not so much the keeping of a separate account at the bank, as it is the parting with, and hence the losing of, the identity of the trust fund, and having, in lieu thereof no obligation, contract, or account upon which is impressed the equitable ownership of the trust. Had this administrator retained these moneys in his own possession, and mingled them with his own funds so as to lose their identity, and the whole had been lost without his fault, yet we apprehend he would have been liable. *Shoemaker v. Hinze*, 10 N. W. Rep. 86. Here the fact that he delivered the moneys to the bank, and thus allowed them to be mingled with other funds, destroyed their identity as completely as though he had first mingled them with an equal amount of his own moneys, and then deposited the whole in bulk. The deposit therefore put an end to the identity of the funds deposited, and the certificate was simply an agreement, taken in exchange for the money, to repay a like amount in currency upon the conditions



named. Beyond question the certificate was negotiable. *Klauber v. Biggerstaff*, 47 Wis. 551. To all appearances it was the individual property of the depositor, and not of the estate which he represented, and there was nothing on the books of the bank to indicate the contrary. It stood therefore precisely the same as though he had loaned the money to an individual at the time supposed to be responsible, and taken his negotiable note therefor without interest, payable on demand "in currency" to the order of himself. The making of the deposit, and taking the certificate to himself individually, was therefore not only an extinguishment of the identity of the money, but an appropriation of it, in law, to his own personal use. This being so, shall the rule be established by this court that administrators, executors, trustees, and guardians may insist upon settling their accounts by tendering such notes or certificates in lieu of cash, however worthless may be the makers or the bank at the time of settlement? The question is important, and the answer vast in its consequences. To hold the administrator answerable in this case is undoubtedly a great hardship, but to exonerate him from liability is to encourage the mismanagement of trust funds, and to open the door to frauds innumerable against those whose age and weakness entitle them to the most rigid protection of the law. The rule therefore should not be slackened, even if the question were a new one, much less in view of the authorities cited. It may be said that the remarks of Mr. Justice Paine in *School-district v. Zink*, 25 Wis. 636, to the effect that the mere substitution of a certificate of deposit payable to the holder of a check on a bank for the check itself, worked no change whatever in the *status* or title to the fund in bank, are inconsistent with the view we have taken of this case; but in so far as that opinion is in conflict with this decision, it must be regarded as overruled.

For the reasons given, the judgment of the Circuit Court is affirmed.

---

## LEGAL MISCELLANY.

**BAILMENT—PLEDGE OF STOCKS—DUTY OF PLEDGEE.**—The pledgee of stocks, in the absence of a specific agreement to the contrary is entitled to a transfer of the stock to his own name. When so transferred, the particular shares become indistinguishable from the great mass of other stock, and the pledgor has no right to demand the return of any particular certificates. It is enough if the pledgee have at all times shares sufficient in number to answer the pledgor's demand upon repayment by the pledgor of the loan made to him. A share of stock is without ear-marks, and cannot be distinguished from other shares of the same corporation and issue. The certificates bearing dates and numbers are but evidence of title. *Nourse v. Prime*, 4 Johns. Ch. 490; *Allen v. Dykers*, 3 Hill 593; *Gilpin v. Howell*, 5 Barr 41. U. S. Circ. Ct., E. D. Pennsylvania, Jan. 23, 1882. *Hubbell v. Drexel*. 11 Fed. Rep. 115.

**CORPORATION—SALE OF STOCK INDUCED BY THREAT OF ASSESSMENT.**—Where defendant and other directors of a corporation levied an assessment upon stock of a corporation, upon which but a small

proportion of the par value had been paid, and threatened future assessments for the purposes of the corporation, whereby plaintiff was induced to sell and transfer his stock; *held*, that such sale was not so tainted with fraud as to render it void. See *Dodge v. Woolsey*, 18 How. 331. U. S. Circ. Ct., S. D. New York, March 21, 1882. *Grant v. Attrill*. 11 Fed. Rep. 469.

**NEGOTIABLE INSTRUMENT—NOTE TO SETTLE FRAUDULENT CLAIM—HOLDER IN BAD FAITH.**—A note given to settle a fraudulent claim, one wholly without foundation, and known by both parties to be such, under threats of suit, is without consideration and void; and cannot be collected by a third party, though purchased before due when such party was not only put upon inquiry, but also acted in bad faith in buying, he being a general purchaser of the payee's notes and knowing his dishonest methods in obtaining them. Vermont Sup. Ct., October Term, 1881. *Ormsbee v. Howe*. 54 Vt. 182.

**SURETYSHIP—INVALID AGREEMENT TO EXTEND TIME NO RELEASE OF SURETY.**—By the Maine statutes an agreement to pay interest at a greater rate than six per cent. per annum must be in writing. *Held*, that a parol agreement by the principal to pay interest for a year at eight per cent. is not a good consideration for an agreement by the holder of a note with the principal to extend the time of payment one year after it became due, and such an agreement based on such a consideration does not discharge a surety on the note. *Berry v. Pullen*, 69 Me. 101. Maine Sup. Jud. Ct., May 29, 1882. *Turner v. Williams*, 73 Me. 466.

**DEFENSE TO NEGOTIABLE INSTRUMENT PROCURED BY FRAUD.**—Usually when the maker of a negotiable promissory note is not allowed to avail himself as against third parties holding the note, of defenses valid against the payee, it is because negligence is imputable to the maker in the inception of the note. That a third party holds a negotiable note for a valuable consideration will not of itself in an action against the maker deprive such maker of defenses valid against the payee.

Hence when A made a negotiable promissory note to B, which was fraudulently procured by B, and no negligence was imputable to A and suit was brought on the note against A by C, a purchaser for valuable consideration, but it did not appear that C bought the note in the usual course of business or for its full face value; *held*, that A was entitled against C to use the defenses which he could have employed against B. *Millard v. Barton*, Rhode Island Supreme Court.

**WHERE** the payees of a promissory note obtained it upon a promise in writing on their part to deliver to the maker at a future time five mowers of different prices and four plows, with a positive and predetermined intention entertained and acted upon at the time never to deliver such mowers and plows, and subsequently delivered two of the plows; *Held*, in an action on the note against the makers by an indorsee with knowledge of the note against the makers, that the contract of the payees of the note was an entirety; that the plaintiff was entitled to recover at the agreed price for the two plows furnished, less the damages sustained by the defendant for a non-delivery of the balance of the articles at the contract price. *Burrill v. Stevens*. Maine Supreme Judicial Court.

**NEGOTIABLE INSTRUMENT—INDORSEMENT—NOTE PAYABLE ON DEMAND, WITHOUT INTEREST, MUST BE PRESENTED AT ONCE FOR PAYMENT.**—A promissory note was dated "Beloit, Wisconsin, July 21, 1874," and was payable "on demand after date" to the order of a firm at a bank named, "with interest, at the rate of ten per cent. per annum after maturity." It was indorsed by the payees to the plaintiff. It was presented for payment on the 1st and 4th of February, 1878, and payment demanded, which being refused, the note, on the 4th of February, was protested for non-payment and the indorsers notified. *Held*, that under the laws of this State the presentment was not in time to charge the indorsers. In *Merritt v. Todd*, 23 N. Y. 28, it was held that a promissory note payable on demand, with interest, is a continuing security, that the indorser remains liable until an actual demand for payment, and that the holder is not chargeable with neglect for omitting to make such demand within any particular time. The rule thus laid down was followed in *Pardee v. Fish*, 60 N. Y. 28, as applicable to a certificate of a deposit payable to the order of the defendant on the return of the certificate, with interest, and he was held liable upon his indorsement notwithstanding delay on the part of the holder in presenting the certificate for payment. But it is said in *Merritt v. Todd*, *supra*, if the security be not on interest it may be a fair exposition of the contract to hold that no time or credit is contemplated by the indorser, and that the demand should be made as quickly as the law will require upon a check or sight draft. Such a note, payable at the bank where the maker keeps his funds, will perform essentially the office of a check imposing the duty of early presentment in order to hold the collateral parties. In *Welchey v. Andrews*, 3 Hill 582, similar reasoning led to the same conclusion as above. *Merritt v. Todd* introduces an exception to the rule made applicable in this State in many earlier cases to the question of laches in charging indorsers and should not be extended. *Herrick v. Wolverton*, 41 N. Y. 581; *Wheeler v. Warner*, 47 id. 519. Within the principle of the general rule which requires a note payable on demand to be presented within a reasonable time in order to charge an indorser, and also within the rule in *Merritt v. Todd* establishing an exception to that rule, the delay in the case at bar was such as to dishonor the paper. Judgment reversed. *Crim v. Starkweather*. N. Y. Court of Appeals.

**MUNICIPAL BONDS—NOTICE OF INVALIDITY TO BONA FIDE PURCHASERS.**—A purchaser before maturity of municipal bonds payable to bearer, is not, *ipso facto*, chargeable with constructive notice of their alleged invalidity because he undertook to satisfy himself by investigation that the condition necessary for their issuance had been fulfilled, and did not rely on their face. Such knowledge, when there are no marks of infirmity on the face of the bonds and no want of power in the municipality, is a question of fact. Where the officers issuing municipal bonds are invested with power to decide whether the conditions precedent to their issue have been complied with, their recitals to that effect in the bonds when held by a *bona fide* purchaser are conclusive. *Carrier v. Town of Shawangunk*. Circ. Ct., S. D., New York. Opinion by Shipman, D. J.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. DEMAND OF NOTARY.

Will the validity of a protest be affected if the demand and the notices of protest be made by one other than the notary whose seal and signature are affixed?

REPLY.—This question has often arisen in the courts. By the law merchant it is absolutely necessary that the notary himself should make formal presentment and demand. Otherwise his testimony contained in the protest would be hearsay and secondary, and would lack the very element of certainty which the protest is especially designed to assure. "Not even his clerk," adds Daniel, "nor, unless authorized by law, his deputy, can perform these functions for the notary, as it is to his official character, that the law imputes the solemnity and sanction which are accorded his certificate."

The learned author elsewhere says, "If it were a question of original impression we should strongly favor the admissibility of demand by a notary's clerk; and upon principle we cannot perceive any sufficient reason why it should not be allowed. In point of fact, the custom is almost universal for the demand to be made by the clerk, and whenever such custom is proved as existing in a particular place, it is recognized as controlling." *Neg. Inst.* § 581.

At common law, therefore, it is necessary for the notary himself to make the demand, but where a statute authorizes the demand or protest to be made by a notary's deputy or clerk, or by any other official, or where a general custom recognizes such a practice, it may be proved, and it will be sufficient to show that the statute or custom was observed. In answering the above question, therefore, we would say that if it were customary for notaries at that particular place to make demand through other persons, proof of the custom would be sufficient.

## II. RECOVERY OF DEPOSIT.

A makes a deposit in the name of his wife, stipulating at the time that he must be allowed to check against the deposit, signing her name by him. A pass-book is given him for her on which is written: "Subject also to check of A." A checks out all the deposit, and his wife sues the bank for the amount, claiming that it was her money, and that the bank had no right to pay it out on A's check.

Can she recover from the bank?

REPLY.—Clearly she cannot. Neither law nor reason furnishes any foundation for the claim. Morse in his work on *Banks and Banking*, second edition, p. 293, says: "If A B deposits money to the account of 'A B, Trustee,' or of 'A B, Executor,' the bank is not bound to inquire or to take notice of any fact as being intimated by these additional words. He deposits as 'A B, Trustee;' he may draw out as 'A B, Trustee.'" He might deposit in a fic-

ticious name, or under a firm or corporate style, as convenience or a whim should induce him. The bank is absolved if the signature is that of the person making the deposit, and if it accords precisely with the name, description, or style to the credit of which that person chose to place the money."

### III. PAYMENT OF CHECK.

A check is made payable to the order of A B and is indorsed in blank by A B and C D. A B's signature is well known at the bank, but C D's is not.

Is the bank justified in paying the check to any person presenting it and claiming to be C D or his representative?

REPLY.—Yes. The indorsement of a check in blank imparts the same effect to it as though made payable to bearer, and the title passes by delivery. No principle of law is better settled than this.

### IV. NOTICE OF PROTEST.

If a notary deposits notice of protest in a street letter-box instead of in the post office, will this satisfy the law?

REPLY.—Though answering this question last month correctly, we referred to no decision. Since then we have been kindly referred to the case of *The Mechanics and Traders' Bank v. Crow*, 5 Daily 191, in which this point was expressly decided. The syllabus is as follows: A lamp-post box provided for the reception of letters by the United States Post-Office department, is one of the immediate agencies of the Post Office for the reception of letters, and constitutes part thereof, and a deposit of a letter therein is a deposit in the Post Office within the meaning of the law of 1833, chapter 271, section 8, providing for serving notice of protest by mail.

**REVISION OF SAVINGS-BANK LAWS.**—At the Bankers' Convention, held in Saratoga last August, a resolution was proposed, providing for the appointment of a committee to consider the State laws on Savings banks, which was passed. The intention is that the committee shall examine the provisions of the various States on the subject, and choose such of them, on the more important points, as they shall consider to be worthy of recommending to State legislatures for enactment. The aim is not so much to secure uniformity of Savings-bank laws as to reform the laws that are now in force, and to give legislatures the benefit of the suggestions of experts upon the subject. Among the matters which will come before the attention of the committee is (1) that of recommending what kinds of securities should be allowed for the investment of funds of Savings institutions, a matter that is becoming more and more pressing every day; also (2) the question whether the business of a discount bank and a Savings bank ought to be allowed to be merged in one institution, as is at present the case in certain States; and (3) the maximum limit (if any) of the amount of deposits which a bank should be allowed to receive from a single person. But, of course the range of the committee's labor is not confined to these particulars. The committee desire the co-operation of all who may be interested in the subject, and would be glad to receive any pertinent suggestions and information. Communications should be addressed to the chairman, Mr. William E. Gould, Cashier of the First National Bank, Portland, Me. The other members of the committee are Hon. A. B. Hepburn, of New York, Superintendent of the Bank Department of that State, and Hon. A. D. Lynch, President of the First National Bank of Indianapolis, Indiana.

## OVER-CERTIFICATION OF CHECKS.

The question of the over-certification of checks upon National banks has agitated Wall Street ever since the passage of the new Banking law. Many plans have been discussed for evading the law, and the old scheme of a Stock Clearing House operated in connection with the Stock Exchange has been brought into prominence again. Some of the mooted questions raised by the new law were recently submitted to the Attorney-General, and his official opinion was asked touching them. The following correspondence, which is believed by many persons in Wall Street to have much significance, has been made public.

## I.

TREASURY DEPARTMENT, OFFICE OF COMPTROLLER OF THE CURRENCY,  
WASHINGTON, Oct. 17 1882.

*John Thompson, Vice-President Chase National Bank, New York.*

SIR: You have probably noticed that the Attorney-General has been asked to give his opinion as to the legal power of a National bank to accept checks drawn upon it unless the drawer has the amount of the check actually on deposit to his credit in such bank; and also his interpretation of sections 5200 and 5202 of the Revised Statutes in this connection. If the Attorney-General should decide that National banks have not the power to make such acceptances it will be necessary for the bank to relinquish this branch of business or be prepared with some lawful method of procedure. I know of no method, except by placing to the credit of the parties the avails of legitimate discounts within the limit prescribed by law, and certifying checks not in excess of the amount on deposit, as provided by section 5208 of the Revised Statutes and section 13 of the Act of July 12, 1882. I have been informed that a proposition is now being discussed in the Stock Exchange for the organization of a Clearing House for the purpose of clearing stocks in a manner similar to the bank Clearing House for the clearing of checks; that the system is now in successful operation in London, Berlin, and other large cities; that it simplifies and increases the business of the members; that it largely reduces the risks which now attend the handling of stocks and bonds, and that the transactions can be performed without disclosing the private transactions of any member of the Clearing House. If this proposition, which is recommended by gentlemen of character who have had long experience in such transactions, is practicable, the organization of such a Clearing House would be a solution of all these difficulties. You will greatly oblige me if you will confer with your leading dealers in reference to the feasibility of organizing such a Clearing House as that to which I have referred, and communicate to me the result of your conference, and particularly any objections which are urged against such an organization. Very respectfully,

JOHN JAY KNOX, Comptroller.

## II.

NEW YORK, Oct. 20, 1882.

*John Jay Knox, Comptroller of the Currency, Washington, D.C.*

SIR: Your communication of the 17th inst. I beg leave to respond to as follows: First, I am incapable of expressing an opinion in relation to the organization of a stock and bond Clearing House; second, in relation to conferring with our dealers I have to state that we have no stock and bond broker accounts. Repeatedly we have refused to take such accounts, and consequently have no occasion to certify or accept checks where no money is on deposit. I believe, however, that a Clearing House can be organized to carry out the business that our certifying banks have been doing. Another alternative, as it appears to me, is for the accepting or certifying banks, now National banks, to reorganize as State institutions. Respectfully yours.

J. THOMPSON.

## BANKING AND FINANCIAL ITEMS.

**CALL FOR BONDS.**—The Secretary of the Treasury has issued the 118th call for \$15,000,000 of five-per-cent. bonds continued at three and a-half per cent. from August 12, 1881. The principal and accrued interest will be paid at the Treasury Department on the eighteenth of next January and interest will cease on that day. The following is a description of the bonds called: \$50, No. 551 to No. 850 and No. 1593 to No. 1604; \$100, No. 4301 to No. 7100 and No. 13,223 to No. 13,293; \$500, No. 2251 to No. 3500 and No. 5924 to No. 5947; \$1000, No. 11,501 to No. 14,500 and No. 20,701 to No. 20,759; \$5000, No. 2081 to No. 4124 and No. 5777 to No. 5800; \$10,000, No. 11,501 to No. 13,800 and No. 18,403 to No. 18,424; \$20,000, No. 1601 to No. 1819 and No. 2242 to No. 2246; \$50,000, No. 4601 to No. 5250 and No. 6034 to No. 6039.

**MINT REPORT.**—The annual report of the Director of the Mints for the fiscal year ending with June, 1882, shows an increase in the paper and specie of the country of about \$74,500,000, of which \$28,500,000 was gold coin and bullion. On July 1, 1881, the total paper and specie amounted to \$1,469,342,603, and on July 1, 1882, to \$1,543,710,432. At the close of the fiscal year the Treasury held \$319,504,055 in paper and specie, the banks \$203,833,800, and the remainder, \$1,020,372,577, was in active circulation. Of the total increase of \$74,500,00 the Treasury received \$15,500,000, the people gained \$71,000,000, and the banks lost \$11,500,000. The circulation of thirty-four countries, embracing nearly all of the civilized portion of the earth, is given as: Paper, \$3,825,220,078; gold, \$3,353,673,748; and silver, \$2,620,769,835; a total specie circulation of \$5,974,443,583, and of paper and specie \$9,799,663,661. Of the latter, \$1,698,986,763 was held by banks and National Treasuries, leaving in circulation, outside of banks and Treasuries, an active circulating medium of paper and specie amounting to \$8,100,676,898. The total coin of the United States is estimated by the same authority at \$500,776,753 gold, and \$199,459,766 silver, a total of \$700,236,519. This would give to the United States 11.7 per cent. of the total coin, including silver, and 14.9 per cent. of the gold coin of the commercial countries of the world. It is thus seen that gold coin in the United States is in larger ratio to silver than the aggregate of other civilized countries, and that the proportion of gold to population is above the average for the commercial world. In twenty of the chief mining countries of the world the production was, of gold \$107,773,157, and of silver \$97,659,460, which was an increase of \$1,500,000 of gold and \$3,000,000 of silver over the production of 1880. The coinage executed at the Mints of the fifteen principal countries of the world during the year 1881 was, of gold \$136,387,383, and of silver \$100,705,824, a total of \$237,093,207, an increase of about \$5,000,000 over the coinage of 1880. The total coinage of the United States in 1881 was \$106,788,940 or 45.4 per cent. of the total coinage of the principal countries of the world, and in that year the gold coinage of this country was 57.7 per cent. of the total coin produced by the Mints of the fifteen countries to which allusion is made.

**NEW YORK CLEARING HOUSE.**—The regular annual meeting of the New York Clearing-House Association was held October 3d. The following officers were elected for the ensuing year:

President—F. D. Tappen. Secretary—H. H. Nazro. Manager—W. A. Camp. Clearing-House Committee—Benj. B. Sherman, Geo. F. Baker, Wm. L. Jenkins, O. D. Baldwin, Richard King. Conference Committee—George S. Coe,

Percy R. Pyne, Henry W. Ford, Charles F. Hunter, James D. Fish. Nominating Committee—Alexander Gilbert, G. G. Brinckerhoff, Zenas E. Newell, William J. Quinlan, Jr., E. K. Wright. Committee on Admissions—W. A. Hall, George J. McGourkey, George H. Wyckoff, J. L. Jewett, A. S. Frissell. Arbitration Committee—J. L. Everitt, E. D. Randolph, James T. Woodward, John Parker, D. C. Hays.

The Manager's report showed the transactions for the year to have been \$48,147,846.406, the average per day for the year being \$156 833.375. The total transactions since October 11, 1853 (the date of its organization) have been \$673,339,401.883.

The total amount of gold coin used in settlement of balances since resumption, three years and nine months, has been \$971,967,000.

For the past year the amount of balances was \$1,595,000.245, of which \$258,550,000 was in gold coin, \$1,325,990,000 in Clearing-House certificates, and \$10,460,245 legal tenders and change.

The largest transactions for any one day during the year were \$240,799,252, on the 3d of January, 1882.

The figures in this report show the overshadowing importance of the trade and business activities of New York. It is to the credit of Manager William A. Camp, and to the system which he has perfected during twenty odd years of service in the Clearing House, that the enormous transactions there settled have been smoothly and accurately adjusted and without loss to any concerned.

**SURPLUS IN POST-OFFICE DEPARTMENT.**—For the first time in many years the Post-Office Department shows a surplus income, and encourages a hope for a still further reduction in the rates of letter postage. With the steady increase in this class of mail, notwithstanding the large use made of telegraphs, a two-cent rate for letters would seem to be justified. The money-order system for the past year shows the growing popularity of this means for transmitting small sums of money. A statement prepared by the Department for the fiscal year ending June 30 shows as follows: Domestic orders, \$113,400,118.21; on Great Britain, \$2,740,362.09; on Germany, \$2,057,705.42; on Canada, \$1,018,641.62; on Switzerland, \$205,820.06; on Italy, \$408,221.60; on France, \$99,738.10; on Jamaica, \$917.23; on New Zealand, \$1,561.78; on New South Wales, \$2,345.75; on Victoria, \$1,200.83; total, \$119,936,632.69. This is an increase of more than ten millions over the previous year. The amount of domestic orders paid amounted to \$112,605,295.84. From Canada, \$785,326.01; Great Britain, \$407,766.93; Germany, \$1,047,940.77; Switzerland, \$113,292.05; Italy, \$19,616.87; France, \$57,552.79; Jamaica, \$8,284.13; New Zealand, \$9,202.47; New South Wales, \$2,077.05; Victoria, \$2,603.72; total, \$115,058,758.63. On this amount of business the gross revenue amounted to \$1,199,354.85, which, after deducting all expenses, leaves a net revenue of about \$200,000.

**OWNERSHIP OF RAILROADS.**—It is stated that the total invested capital in American railways January 1, 1882, was \$6,314,000,000, or more than three times our National debt. The total earnings were, for 1881, \$725,325,119; the net earnings were \$276,654,119. Of this \$6,314,000,000, \$3,319,000,000 is controlled by nine great corporations, as follows: The Pennsylvania Company, \$629,000,000; the Gould associates, \$565,000,000; the Vanderbilt combination, \$564,000,000; the Huntington combination, \$321,000,000; the Jewett and Erie combination, \$347,000,000; the Garrett (Baltimore and Ohio) combination, \$194,000,000; Pennsylvania coal roads, \$508,000,000; Mitchell management, \$129,000,000; Garrison management, \$62,000,000. The rapid increase in construction may be judged from the fact that during the twenty-one years preceding 1851 only 10,982 miles of road were constructed, while during 1881 the railway mileage was increased 11,142 miles. This construction and extension and improvement in old lines represents an outlay of \$400,000,000. The increase of net earnings were \$21,460,683, which is five and one-fourth per cent. on the above capital.



**INCORRECT BANK RETURNS.**—Some time ago it was announced that Gen. Raum, Commissioner of Internal Revenue, had discovered that many banking institutions had made incorrect returns of the amounts of their capital and deposits for taxation, and that the Commissioner, acting under the law, would recover from them a large sum. The law says that whenever a bank makes a false or fraudulent return the Commissioner shall assess the tax with 100 per cent. additional as a penalty. In the Commissioner's opinion the penalty ought not to be enforced in cases of merely erroneous returns, but only where the returns are intentionally false or fraudulent. The United States Circuit Court of the Southern District of New York, Judge Shipman, had decided, however, in the case of the German Savings Bank, that "it is not a prerequisite to the addition of the penalty, that the return should be willfully false. If the return is, not in fact true the Commissioner is authorized to affix the penalty." This decision has not been reversed, and in the face of it the Commissioner felt that he must assess and collect the penalty in each case of erroneous return. He did so, but at the same time intimated to the attorneys representing the banks that in his opinion Judge Shipman's rigid interpretation of the law was incorrect, and offered to give them every facility for testing the question in the courts. When the suits were brought by the banks to recover, the Commissioner, in a number of cases where he was satisfied that there had been no fraudulent intent on the part of the bank, instructed the United States attorneys to enter a confession of judgment, so that the penalties assessed and collected might be refunded. Before taking this course, he sought and obtained the concurrence of the Secretary of the Treasury. A large sum in penalties was collected in Chicago, and it is now publicly asserted there that the instructions given to the Government attorneys were the result of the Secretary's interference, and his disapproval of the Commissioner's previous action. There seems to have been no foundation in fact for that assertion. The Secretary has stated that he remembered no difference of opinion between himself and the Commissioner as to the general principle involved or the action generally taken. He thought, however, that his views of the facts in relation to one or two banks might have differed slightly from those of the Commissioner. It is said that one bank in Chicago not only paid the penalty of 100 per cent., but also \$12,000 in addition as a compromise. It is said in the Commissioner's office that the total amount of the penalties thus assessed and collected was about \$1,000,000, of which from one-fifth to one-quarter has been or will be refunded.

**SUCCESSFUL CHECK RAISING.**—Another successful case of check raising has occurred by which the American Exchange National Bank of New York paid out \$8500 on a draft or bill of exchange which was raised from \$15. The American Exchange National Bank brought a suit in the Supreme Court against the German National Bank of Denver to recover the \$8500, and has obtained an attachment from Judge Barrett against the latter bank. In an affidavit Dumont Clark, the cashier of the American Exchange National Bank, alleges upon information and belief that on or about August 7 at St. Joseph, Mo., the bank of St. Joseph by its president made a certain draft or bill of exchange dated that day, and directed the American Exchange National Bank to pay to the order of Thomas Warner the sum of \$15; that the Bank of St. Joseph delivered the bill of exchange to Warner or some other person unknown, and that the bill of exchange was raised from \$15 to \$8500, and, thus raised, it was delivered by persons unknown to the deponent to the German National Bank of Denver; that the latter thereafter transmitted it to New York and directed the American Exchange National Bank to pay the sum of \$8500 to the order of the Metropolitan National Bank; that on or about August 15 the American Exchange National Bank paid the \$8500 to the Metropolitan National Bank, which remitted to the German National Bank of Denver \$8485 in excess of the sum which the German National Bank was entitled to receive from it, and the excess was paid by the American Exchange National Bank in ignorance of the fact that the bill of exchange had been altered after its delivery by the Bank of St. Joseph. The German National Bank of Denver has refused to pay back the amount in question, and the action has been brought to compel it to return it.

**BOLD ROBBERY.**—Intense excitement was created among the citizens of the borough of Lebanon, Pa., on October 12th, when it became known that one of the most daring robberies ever perpetrated in that section of the State had been committed in their midst, and within a square or two of Police Headquarters. George D. Rise, a man about thirty-eight years of age and who is Cashier of the Lebanon Dime Savings Bank, was struck down, fearfully beaten and robbed of \$30,000. The facts in the case are as follows:

Mr. Rise had been to Philadelphia for money to meet certain demands which are generally made on the bank about this time in the month. He secured the cash, deposited it in a satchel, which he carried in his hand, and left Philadelphia on the four o'clock express train, which reached here at half-past seven this evening. After leaving the train Mr. Rise went to his residence, which is but a short distance from the depot, and after taking tea left the house with the intention of taking the money to the bank and depositing it in the safe. He had scarcely gone half a square when two men rushed upon and grappled with him, striking him a blow with a black stick or billy and felling him to the ground. Mr. Rise, who is small of stature, but very wiry, fought his antagonists and kept a tight hold of the satchel containing the money. He cried for help and called "Murder!" at the top of his voice. His cries, however, were not heard, and a few more blows knocked him senseless to the ground, when the satchel was torn from his grasp and the two villains escaped.

**ROBBERY OF A FARMER'S SAFE-DEPOSIT VAULT.**—A well-to-do farmer named Frederick Kline, who lives near Foster's Crossing, on the Little Miami Railroad, has lost his surplus wealth in a manner that is calculated to destroy his confidence in all the safeguards with which treasures of gold can be surrounded. Some time ago he was a depositor in a Cincinnati bank, which suddenly suspended operations and was found to possess no assets. Farmer Kline, hearing of the suspension, came to the city to collect his account, and, finding that it was worthless, declared then and there, in a manner in which emphasis was not lacking, that he would never, so long as he lived, put another dollar in any bank or like institution. Two weeks ago he came into possession of \$800 in gold, hard cash. The question at once arose where he should put it for safety. Procuring a strong tin box, he placed the money in it, fastening it securely, and put the box in the bottom of an old ash-barrel in his wood-shed, filling the barrel up with various kinds of rubbish. He placed a box on top of it, which he filled with straw, and placed in one corner a dozen eggs and an old setting hen. He argued that should thieves come around they would never think of looking for anything valuable in an old barrel of rubbish, and even should they chance to suspect the hiding place, the hen would make such a clatter that the household would be aroused. The following Sunday, having nothing else to do, he examined the barrel. The hen was unusually cross, which pleased her owner, until he found that the tin box, with its contents, had been removed. The neighbors who dropped in later in the day to console the old gentleman, explained the unusual irritability of the hen on the ground that she had been seriously disturbed the night previous by the visit of the thieves.

**PERSONAL.**—Mr. Asa P. Potter, the well-known president of the Maverick National Bank of Boston, and also president of the American Loan and Trust Company, has resigned the latter position. The new institution has been, under Mr. Potter's able management, placed upon a sound financial basis, and he leaves to his successor, who will probably be Mr. Ezra Baker, a rapidly growing business. Mr. Potter will remain one of the directors.

**TENNESSEE.**—On the 19th of October, Thomas O'Connor, president of the Mechanics National Bank of Knoxville, Tenn., was killed in a shooting affray in which two other persons lost their lives. He was reported to be the wealthiest man in the State. Col. E. J. Sanford, the vice-president, took immediate control of the bank.

**A BANK TELLER'S THEFT.**—David Burt, teller of the Bank of British North America in San Francisco, has been arrested, and a charge of felonious embezzlement has been entered against him. Burt was teller of the bank in that city up to three months ago, when he was detailed to take the place of one of the employees of the bank absent in the East, and another teller was appointed temporarily in his stead. The principal office of the bank is in London, England, and the office in San Francisco is one of many branches in the United States and Canada. An inspector is employed by the bank, whose duty it is to visit the branch offices and examine the accounts. During his last official visit, when he reached the teller's room he began counting the gold on a tray which was supposed to contain \$20,000. To his surprise he found that the back rows were composed of checkers, and when they gave out there were rows of half-dollar pieces cemented together with shellac. Chief Crowley was notified of the matter, and Detective Bohen was detailed to work up the case. The present teller was interviewed and readily gave all information he could in regard to the matter, and appeared to be innocent of the crime. Mr. Burt, on being questioned, did not desire to have anything to say about it. He curtly answered he was innocent, and did not want to have any talk about the matter. The amount missing from the tray is about \$8,000. The bank is secured against loss, as all their employees are under bonds—Burt for \$10,000. The accused is a native of Scotland, thirty-five years of age. He came to San Francisco about five years ago from a branch of the bank in Canada.

**RAILROADS IN PORTUGAL.**—Portugal has received about fifty millions sterling as the net proceeds of her loans; and of this aggregate sum about half has been applied to the construction of railways and other public works. In the last *Economiste Française*, appeared a letter from Lisbon which describes the completion of two international lines. One of these, the Caceres, connects the capitals of Portugal and Spain more directly than the previous route *via* Elvas and Badajoz, saving 127 kilometers. The other, the Beira Alta, is said to prepare the most rapid route between Portugal and Paris and the rest of Europe. Last July, it appears, the Portuguese Parliament sanctioned the contract to construct a branch connecting the Douro and Beira Alta railways with the lines running through Spain. Within three years or less Portugal will have completed her main network of railways, and will have six international lines. It is to be hoped that these works will facilitate the material progress of Portugal, for her public debt is heavy for so poor a population, and the risk has long been that, in case of being unable to borrow new loans, she would be unable to raise revenues sufficient to meet the charge on the old.

**CUBA.**—With the object of avoiding in future the heavy losses caused by the unexpected rise in rates for gold recently experienced by Cuban merchants, which obliged them to suspend operations for several days, a certain number of provision and dry goods retailers have determined to adopt at once the gold basis and to accept bank bills in payment for their goods according to the daily quotations of the market.

**CUBAN BANKING.**—At the end of January the notes payable in bank bills held by all our banks amounted to \$6,887,667.41, and at the end of August notes of the same class only added up \$3,845,324.63, there being a decrease of \$3,042,342.78. On the other hand, notes payable in gold rose from \$16,648,000 in January to nearly \$18,000,000 in August—an increase of \$2,000,000 in seven months.

**TURKISH DEBT.**—The managers of the Turkish debt have just published their accounts up to September 1. Their principal income from January 1 to August 1 was 845,561 Turkish pounds; in August, 136,700 pounds; their total income was 1,073,189 pounds, or something less than five million dollars. They paid 393,313 pounds for interest on the privileged five-per-cent. bonds; 613,368 pounds were sent to the European paymasters; 66,121 pounds were paid to the Ottoman Bank on the debt and interest account. The August income yielded 5,720,302 Turkish piastres (about five cents each) on tobacco, nearly as much on salt, a million and a half on stamps and spirits each, but very little on silk and fisheries.

**THE FIRST CLEARING HOUSE.**—Besides the constitution of the English corn market by Gresham, another financial reform is associated with the Grasshopper, and that is that the clearing among London bankers was first and for a long time held there. This institution of the clearing by London bankers has had an enormous influence on the London market, for it has enabled an extraordinary facility and rapidity to be given to transactions and an enormous economy in the use of money. It is this feature of the London money market, the small amount of actual money with which it is worked, which distinguishes the London money market from others. It was in its beginning a very simple expedient; that bankers, instead of paying separately, should exchange the checks they held against each other, and only pay once a day the balance in cash. This has since been greatly extended and improved, and in 1810 the bankers were obliged to take a Clearing House for themselves in Lombard Street, and now they want a larger one. Upon the model of this banking institution the great railway Clearing House has been established here, and other like establishments in other countries. The tickets that pass over several lines, and the payment for which has to be divided among the companies in various proportions, are thus cleared. By this means not only is a passenger in this country enabled to take one ticket anywhere in these islands, but from London to St. Petersburg or Constantinople, or from New York to San Francisco. Thus, one good principle receives various developments, and institutions dissimilar in form grow from the healthy root. The connection of the Clearing House is held to be recorded by an entry in the ledger for 1773: "Quarterly charge for use of Clearing room, nineteen shillings six pence." Unluckily, in this grand series of books, still ranging from 1731 to this day, there is a very ugly entry in 1751: "For Brydges, for killing the buggs in the shop, £1 1s." The smaller animals, nevertheless, kept up the war and mastered the great bankers; so that in 1794 they had to pull down the house, and for a time move into Change Alley, beyond their back door.

—*London Society.*

---

## OBITUARY.

W. M. M. LEE, President of the City National Bank of Covington, Ky., died in that city on October 23d. Mr. Lee was born at Owensville, Ky., in 1827, and began his business career at Mount Sterling. In 1863 he removed to Cincinnati, where he entered into the wholesale shoe trade. A business man of signal ability, he was successful not only in gaining wealth, but in all that makes the true man. The *Cincinnati Commercial* well says of Mr. Lee, "Amid all these active labors he was always noted for his sterling integrity, the conscientious performance of all his duties, his genial disposition, nobility of character, benevolence of heart and purity of life. Quiet and unassuming in his manners, he won the respect and esteem of all who knew him."

JOHN WATSON, Cashier of the Frankfort Deposit Bank, Ky., died on the twenty-fourth of September. He was born in Woodford County in that State, in 1817, but, as near as can be ascertained, went to Frankfort about the year 1828. For some years he was deputy sheriff, and afterwards was deputy clerk in the circuit clerk's office. From thence he went into the office of P. & J. Swigert, in the grocery and commission business, and about 1840 he became a partner in the business under the firm name of John Watson & Co. For more than twenty years this firm held the leading position in Frankfort. In addition to their other business, they were the agents and general managers of the steamboat line between this place and Louisville. Upon the organization of the Deposit Bank Mr. Watson became its cashier, and has continued to discharge the duties of the position with fidelity and credit for more than twelve years. Mr. Watson was regarded as an exemplary and honorable man, of whom a friend has said that he "had not an enemy in the world."

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from October No., page 314.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ARK....	Fort Smith .....	W. J. Echols.....	National Park Bank.
DAKOTA	Lisbon.....	Ransom Co. B'k. (Frank S. Allen's Sons.)	Frank S. Allen.
ILL....	Eureka .....	Farmers' Bank. (Darst, Eyman & Co.)	Imp. & Tra. N. B.
"	Galva .....	Farmers & Merch. Nat. B'k	Mechanics' National Bank.
"	Hillsborough ..	\$ 50,000 Adam Deem, <i>Pr.</i> Oliver P. Stoddard, <i>Cas.</i>	
"	La Salle .....	Hillsborough Nat'l Bank..	
"	La Salle .....	\$ 50,000 Charles A. Ramsey, <i>Pr.</i> George M. Raymond, <i>Cas.</i>	
"	La Salle .....	City National Bank.....	
"	La Salle .....	\$ 100,000 Henry D. Brown, <i>Pr.</i> William C. Brown, <i>Cas.</i>	
IOWA...	Story City. ....	Citizens' Bank.....	Gilman, Son & Co.
"	Waterloo.....	W. W. Lyons, <i>Pr.</i> W. E. Briggs, <i>Cas.</i>	
"	Waterloo.....	Commercial Bank .....	Fourth National Bank.
KANSAS.	Marysville .....	First National Bank .....	United States Nat'l Bank.
"	Marysville .....	\$ 50,000 M. S. Smalley, <i>Pr.</i> E. R. Fulton, <i>Cas.</i>	
MAINE..	Limerick .....	Limerick National Bank ..	
"	Limerick .....	\$ 50,000 Jeremiah M. Mason, <i>Pr.</i> Joshua C. Lane, <i>Cas.</i>	
MD....	Bel Air.....	Harford National Bank ..	Nat'l Mech. Bank, Baltimore.
"	Bel Air.....	\$ 50,000 Edwin H. Webster, <i>Pr.</i> James McAfee, <i>Cas.</i>	
MICH..	Detroit.....	J. L. Harper & Co.....	Third National Bank.
"	Charlevoix.....	Bank of Charlevoix. (Reynolds & Brown.)	U. S. Nat'l B'k
"	Kalamazoo .....	E. J. Phelps & Co.....	Imp. & Tra. National Bank.
MINN...	St. Peter.....	Nicollet County B'k. (Stark & Moore.)	First Nat'l B'k, Chicago.
MISS...	Canton.....	H. H. Cage .....	Henry Clews & Co.
MONT ..	Bozeman .....	Bozeman National Bank..	
"	Bozeman .....	\$ 50,000 Emory Cobb, <i>Pr.</i> D. F. Sherman, <i>Cas.</i>	
NEB....	Avoca.....	Avoca Bank.....	First Nat'l Bank, Chicago.
"	Avoca.....	David Dean, <i>Pr.</i> Charles N. Folsom, <i>Cas.</i>	
"	Liberty.....	Harden & Stewart.....	Gilman, Son & Co.
"	Stanton .....	Citizens' Bank.....	Kountze Brothers.
N. Y...	Naples .....	Hiram Maxfield.....	Mercantile National Bank.
OHIO...	Cincinnati. ....	Queen City National Bank.	
"	Cincinnati. ....	\$ 250,000 John Cochnower, <i>Pr.</i> Samuel W. Ramp, <i>Cas.</i>	
PENN..	Braddock.....	First National Bank.....	
"	Braddock.....	\$ 50,000 Philander C. Knox, <i>Pr.</i> W. H. Watt, <i>Cas.</i>	
TEXAS..	Columbus .....	R. E. Stafford & Co.....	Mercantile National Bank.
W. T..	Spokane Falls..	First National Bank.....	
"	Spokane Falls..	\$ 50,000 Frank R. Moore, <i>Pr.</i> Horace L. Cutter, <i>Cas.</i>	

## DESIGNS FOR BANK BUILDINGS.

The publishers of THE BANKER'S ALMANAC AND REGISTER offer premiums of One Hundred Dollars and Fifty Dollars for the best designs for bank buildings—to cost from \$6,000 to \$50,000. A series of these designs will appear in the ALMANAC AND REGISTER for 1883, to be published in January. All architects in the United States have been invited to compete. Three competent judges will award the premiums.

The prospectus of the new volume will be found on the cover of this number of the Magazine. It contains other new features enhancing the value of the work. Government Depositaries will be designated as such, and the names of Receivers of Insolvent National Banks will be given. The price of this work will be restored to its former figures, viz., Three Dollars per copy. For the January edition and July supplement, Five Dollars.

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 315.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY.	National Park Bank.	Charles I. DeBaun, <i>A. C.</i>	.....
CONN...	First Nat'l Bank, Mystic Bridge.	Thomas S. Greenman, <i>Pr.</i>	.....
"	First National Bank, Rockville.	F. L. Dickinson, <i>V. P.</i>	C. D. Talcott.
GA.....	Central R. R. Bank, Savannah.	E. P. Alexander, <i>Pr.</i>	W. M. Wadley.*
ILL.....	International Bank, Chicago.	M. Schweisthal, <i>Cas.</i>	S. Ettlinger.
"	DeKalb National Bank,	J. D. Lott, <i>Pr.</i>	H. P. Taylor.
	DeKalb.	Jacob Haish, <i>V. P.</i>	.....
IOWA...	Des Moines National Bank	John Wyman, <i>Pr.</i>	B. L. Harding.
"	Merchants' National Bank,	Rufus L. Chase, <i>Cas.</i>	W. Christy.
	Des Moines.	M. Dalzell, <i>Cas.</i>	H. Reigart.*
"	First National Bank,	Charles Von Schrader, <i>A. C.</i>	M. Dalzell.
	Maquoketa.	John Hall, <i>Pr.</i>	N. S. Field.
KANSAS.	Smith County Bank,	O. W. Sheldon, <i>V. P.</i>	.....
	Smith Centre.	A. N. Sheldon, <i>Cas.</i>	W. S. Field.
KY.....	Deposit Bank, Frankfort	H. H. Watson, <i>Cas.</i>	J. Watson.*
MD.....	Western Nat'l Bank, Baltimore.	W. F. Burns, <i>V. P.</i>	.....
MASS...	Nat'l Grand Bank, Marblehead.	Everett Paine, <i>Cas.</i>	J. P. Turner.*
"	Peoples' Nat'l Bank, Marlboro.	D. W. Hitchcock, <i>V. P.</i>	S. J. Shaw.
"	First Nat'l Bank, Northampton.	H. F. Williams, <i>V. P.</i>	.....
"	Oxford National Bank, Oxford.	A. A. Simmons, <i>Cas.</i>	.....
"	Spencer Nat'l Bank, Spencer.	C. T. Linley, <i>Cas.</i>	W. L. Demond.*
"	Spencer Savings Bank,	A. T. Jones, <i>Tr.</i>	W. L. Demond.*
MICH...	Mich. Nat'l Bank, Kalamazoo.	Albert Henry, <i>A. C.</i>	.....
"	Citizen's National Bank, Niles.	William S. Sinclair, <i>A. C.</i>	.....
"	Bank of St. Joseph.	H. C. Higman, <i>V. P.</i>	O. O. Jordan, <i>Cas.</i>
MO.....	Merchants' National Bank,	Charles S. Wheeler, <i>V. P.</i>	W. A. M. Vaughan.
	Kansas City.	Andrew B. Hammond, <i>V. P.</i>	J. P. Reinhard.
MONT..	Missoula National Bank,	G. A. Wolf, <i>A. C.</i>	.....
	Missoula.	D. H. Vieths, <i>A. C.</i>	.....
NEB.....	First Nat'l Bank, Grand Island.	William A. Hagge, <i>Cas.</i>	.....
"	State Central Bank,	Chr. Schlotfeldt, <i>A. C.</i>	D. H. Veiths.
"	First National Bank, York	William A. Sharrar, <i>V. P.</i>	.....
OHIO...	Farmers' Nat'l Bank, Ashtabula.	Henry E. Parsons, <i>Pr.</i>	O. H. Fitch.*
"	Second Nat'l Bank, Circleville.	Edwin E. Winship, <i>A. C.</i>	.....
PENN...	Penn Nat'l Bank, Philadelphia.	John D. Brown, <i>Cas. pro tem.</i>	.....
"	Burgettstown National Bank	Charles Campbell, <i>Pr.</i>	J. L. Proudfit.*
"	First National Bank, Lancaster.	N. M. Woods, <i>V. P.</i>	.....
"	First National Bank of Bir-	H. Sellers McKee, <i>Pr.</i>	A. B. Stevenson.
	mingham, Pittsburgh.	W. E. Beattie, <i>Cas.</i>	H. T. Poe.
S. C. ...	National Bank of Greenfield.	E. J. Sanford, <i>Pr.</i>	T. O'Conner.*
TENN..	Mechanics' Nat'l B'k, Knoxville.		

\* Deceased.

BANKING IN THE UNITED STATES.—The September number of the *Journal des Economistes*, contains a very noteworthy article on Banks in the United States, by M. E. Fournier de Flaix, which we hope ere long to lay before our readers. It covers the entire period of our banking history, and evinces a very extensive and accurate knowledge of the various systems that have been invented and tried.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from October No., page 313.)*

NEW YORK CITY	.....	A. DeCordova; now A. DeCordova & Co.
"	"	Voorhees & Imbrie; now Voorhees & Hardy.
CAL....	San Diego	..... J. A. Fairchild; suspended.
"	Stockton	..... Bank of Stockton; now Stockton National Bank, \$100,000. Same officers.
COL....	Bonanza	..... Bonanza Exchange Bank (A. G. Adams); suspended and assigned..
"	Tin Cup	..... R. L. Cochrane; now Cochrane & Devenish.
DAK....	Casselton	..... W. F. Holmes & Co.; succeeded by First National Bank. \$60,000. Same management.
ILL....	Chicago	..... Merchants' Bank of Canada (Branch); closing.
"	Chester	..... McAdam & Speckman; now H. Speckman & Co.
"	Savanna	..... Exchange Bank (J. Wood); succeeded by Savanna Bank. (George Hay.)
IOWA...	Reinbeck	..... A. Branaman & Co.; succeeded by the Bank of Reinbeck. T. A. Pierce, <i>Cas.</i>
"	Union	..... S. R. Benson & Co.; closed October 9.
KANSAS.	Galena	..... Merchants & Miners' Bank; J. Arthur and G. Deigler sell their interest.
"	Marysville	..... Marshall County Bank; succeeded by First National Bank. \$50,000. M. S. Smalley, <i>Pr.</i> E. R. Fulton, <i>Cas.</i>
"	Wichita	..... Wichita Bank (Kohn Bros. & Co.); now Wichita National Bank. \$50,000. Same management.
KY....	Stanford	..... National Bank of Stanford; succeeded by First National Bank. \$250,000. J. S. Hocker, <i>Pr.</i> J. W. McAlister, <i>Cas.</i>
MICH...	Petoskey	..... Wachtel & Quinlan; now Curtis, Wachtel & Co.
MINN...	Anoka	..... State Bank; now First National Bank. \$50,000. Same officers.
"	Janesville	..... Hill Brothers; now O. P. Smith.
"	St. Cloud	..... Bank of St. Cloud; now First National Bank. Same officers and capital.
MISS....	Canton	..... Canton Banking and Insurance Co.; succeeded by H. H. Cage.
NEB...	O'Neill City	..... Cheney, Adams & Co.; succeeded by Holt County Bank. W. E. Adams, <i>Pr.</i> David Adams, <i>Cas.</i>
N. Y...	Buffalo	..... Bank of Commerce; reserve fund, Sept. 30, \$170,000.
OHIO...	Berlin Heights	..... H. & G. W. Close; dissolved. Henry Close continues.
"	Toledo	..... Spitzer, Wideman & Co.; now Spitzer & Co.
PENN...	Stroudsburg	..... Monroe County Banking and Savings Co.; Now First National Bank. \$50,000. Same Cashier. Richard S. Staples, <i>Pr.</i>
TENN..	Bristol	..... Bank of Bristol; now National Bank of Bristol. Same officers and capital.
TEXAS..	Colorado	..... A. W. Dunn; succeeded by Colorado National Bank. \$50,000. Same management.
"	Gainesville	..... Lindsey, Hemming & Co.; now Gainesville National Bank. \$150,000. Same management.
MAN....	Port. La Pr.	..... } Gordon, Adamson & Co.; now Robert Adamson & Co.
	Winnepeg	..... }
N. B...	Woodstock	..... Gilbert W. Van Wart; now Agent Maritime Bank.

---

MR. D. P. FACKLER—Actuary in Life Insurance matters and Auditor for Corporations—has removed to 20 Nassau Street.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from October No., page 316.)*

No.	Name and Place.	President and Cashier.	Capital.
2785	Limerick National Bank..... Limerick, ME.	Jeremiah M. Mason, Joshua C. Lane.	50,000
2786	Wichita National Bank..... Wichita, KANSAS.	Sol. H. Kohn, Maurice W. Levy.	50,000
2787	First National Bank..... Stroudsburg, PENN.	Richard S. Staples, Edwin A. Bell.	50,000
2788	First National Bank..... Stanford, KY.	J. S. Hocker, J. W. McAlister.	250,000
2789	Hillsborough National Bank.... Hillsborough, ILL.	Charles A. Ramsey, George M. Raymond.	50,000
2790	First National Bank..... St. Cloud, MINN.	James A. Bell, J. G. Smith.	50,000
2791	First National Bank..... Marysville, KANSAS.	M. S. Smalley, E. R. Fulton.	50,000
2792	First National Bank..... Cassellton, DAKOTA.	W. F. Holmes, A. H. Burke.	60,000
2793	Farmers & Merchants' Nat'l B'k. Galva, ILL.	Adam Deem, Oliver P. Stoddard.	50,000
2794	Stockton National Bank..... Stockton, CAL.	Robert K. Reid, R. W. Tully.	100,000
2795	Union National Bank..... Minneapolis, MINN.	S. E. Neiler, H. J. Neiler.	250,000
2796	National Bank of..... Bristol, TENN.	Joseph R. Anderson, James W. Carr.	50,000
2797	Harford National Bank..... Bel Air, MD.	Edwin H. Webster, James McAfee.	50,000
2798	Queen City National Bank..... Cincinnati, OHIO.	John Cochnower, Samuel W. Ramp.	250,000
2799	First National Bank..... Braddock, PENN.	Philander C. Knox, W. H. Watt.	50,000
2800	First National Bank..... Anoka, MINN.	H. L. Ticknor, P. F. Pratt.	50,000
2801	Colorado National Bank..... Colorado, TEXAS.	A. W. Dunn, W. F. Hendrix.	50,000
2802	Gainesville National Bank..... Gainesville, TEXAS.	James M. Lindsay, C. C. Hemming.	150,000
2803	Bozeman National Bank..... Bozeman, MONT.	Emory Cobb, D. F. Sherman.	50,000
2804	City National Bank..... La Salle, ILL.	Henry D. Brown, William C. Brown.	100,000
2805	First National Bank..... Spokane Falls, W. T.	Frank R. Moore, Horace L. Cutter.	50,000

ILLUSTRATED NEWSPAPERS.—Elsewhere will be found an advertisement of the *Illustrated London News* and the *London Graphic*, the beauty and worth of whose engravings are noteworthy. A series of these publications is an illustrated history of the world for the period they cover. Not among the least merits of modern progress is the turning of the pictorial art to such an interesting and profitable use. A picture often contains a more striking lesson than can be gathered by reading a dozen pages, and a more vivid presentation of the events of the day, or the progress of our age. In every family where the education of the younger as well as older members is truly desired, one of the cheapest and easiest means to this end is through the study of the above periodicals.



## NOTES ON THE MONEY MARKET.

NEW YORK, OCTOBER 31, 1882.

*Exchange on London at sixty days' sight, 4.81.*

The money market is much easier than it was at the date of our last report, and the borrowers of money are feeling happier. The principal cause assigned for the recent stringency is the increased demand for money to move the crops and to build railroads; but behind this are other causes which are worth mentioning. During the past year we have been heavy buyers in foreign markets while selling smaller amounts. We have been obliged to pay for our foreign carrying trade, beside the interest on our foreign indebtedness. Then the farmers of the West and Northwest have been absorbing a large amount of money, which has not been returned into circulation to the same extent as in former years. The capital put into our railroads is in part foreign capital; but whether foreign or American, it was so much floating capital taken out of the market seeking investment. So long as more capital is put into permanent investments than is created, the rate of interest of course is sure to rise. It must not be forgotten, however, that the high rates which of late have prevailed were the result to a considerable degree of speculation in the money market. It is true that manipulations of this kind cannot last long; if the rates for money remained at ten or twelve per cent. for any length of time, there would be heavy movements of money to the places where these high rates were given, just as the increase in the rate of exchange by the Bank of England draws gold to its vaults from the provinces, from France or America. So long as the rate of interest in New York remains above the parity of the London and Amsterdam and Paris rates, money will flow to this center from those cities. But the rates made by manipulation are uncertain and not productive of that confidence which is necessary in order to induce money to move in its direction.

The gold certificates have appeared after a long delay and are gladly welcomed. One effect of issuing them, doubtless, will be to supplant the silver certificates. But the circulation of these latter are not so harmful as many imagine. The *Chronicle* in discussing the effect of issuing gold certificates says, "No one will deposit gold and take silver certificates worth only eighty-eight cents on the dollar when he can get a gold certificate worth a hundred cents." Inasmuch as no one is compelled to deposit gold and take silver certificates for it, the foregoing remark of the *Chronicle* contains not the slightest shade of truth. It may be desirable to suspend the issue of silver certificates through fear of depreciation if their quantity should be very much increased; but thus far they have not depreciated, otherwise gold would not be freely exchanged for them. The fact that gold has been paid for them to a very large amount during the past few weeks is conclusive proof that the silver certificate received was worth just as much as the gold given for it. This country does not abound in fools who are willing to give the Government one dollar in gold and get but eighty-eight cents in return.

Another obvious effect of issuing gold certificates will be to draw more gold into the Sub-Treasury. This must be so, because each certificate is issued only

on a deposit of gold for the same amount, which must be held for its redemption. Furthermore, the convenience of the certificate is so much greater than that of gold, it is probable that the banks will exchange theirs for certificates. If, however, says the *Tribune*, "the banks exercise good judgment, the silver certificates will be retired nearly or quite as fast as the gold certificates are issued." Besides, the presence of a very large amount of gold in the Sub-Treasury is sure to give rise to new legislative attempts to experiment with the currency. "When the Treasury series of small gold certificates begins to go out," adds the *Tribune*, "the retirement of small silver notes, now scattered over the country and used as currency, will be facilitated and an element of considerable danger will thereby be removed."

The rapidity with which the gold certificates have gone into circulation is illustrated by the following table showing the different kinds of money used for paying duties at the New York Custom House during the last five weeks.

Week ending	Silver certificates.	Gold.	Gold certificates.	Legal Tenders.	Total.
September 28 ..	\$1,841,000 ..	\$1,202,000 ..	— ..	\$124,000 ..	\$3,169,000
October 5 ..	1,812,000 ..	883,000 ..	\$99,000 ..	202,000 ..	2,995,777
October 12 ..	1,455,000 ..	763,000 ..	687,000 ..	251,000 ..	3,155,734
October 19 ..	544,000 ..	517,000 ..	1,441,000 ..	168,000 ..	2,652,718
October 26 ..	515,000 ..	286,000 ..	2,314,000 ..	240,000 ..	3,357,573

During the first of these weeks there were no gold certificates out, and 96 per cent. of the whole payments were made in silver certificates and gold coin. Last week only  $8\frac{1}{2}$  per cent. of the payments were in gold coin, 15 per cent. in silver certificates, and 69 per cent. in gold certificates.

The condition of the foreign banks and money market do not furnish a basis for believing that gold will soon flow in this direction. The Bank of England during the past month has lost about \$5,000,000 of its specie; the Bank of France has lost \$4,600,000 in gold alone; and the Bank of Germany, at the date of latest mail advices, had lost about \$8,500,000 in two weeks. Instead of the gain of \$2,000,000 in the first week of October, said to have been reported by telegraph, the bank really lost in that week \$2,485,000 in specie. It is to be expected that the foreign banks would make strenuous efforts, under these circumstances, to prevent a loss of gold to this country, if that should be threatened. The season is rapidly passing when gold is usually imported, though it is possible that the much smaller production of breadstuffs than was first reported may lead to an increase both of exports and prices and cause an importation of gold at a later period.

It is worth noting in this connection that the Italian demand for gold for resumption purposes is successfully met, and that source of danger to the money market has passed. Of late, gold has been drawn for that purpose from the Bank of France. Still, it is very evident that foreign banks are all very solicitous to retain their stocks of gold, and a renewed demand from this country to settle balances, if they should turn in our favor, would undoubtedly cause an advance of bank rates and commercial distress.

The reports of the New York Clearing-house banks compare as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Oct. 7. .	\$314,495,100 .	\$50,403,600 .	\$21,613,600 .	\$286,181,500 .	\$18,908,500 .	\$471,825
" 14. .	311,999,400 .	52,206,500 .	21,341,700 .	286,771,200 .	18,745,700 .	1,855,400
" 21. .	310,898,200 .	53,715,100 .	20,347,700 .	285,096,200 .	18,763,100 .	2,788,750
" 28. .	311,855,400 .	52,085,800 .	20,434,800 .	283,690,800 .	18,778,200 .	—

The Boston bank statement for the past five weeks] is as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 30.....	\$ 148,311,900	.... \$ 6,319,900	.... \$ 3,447,300	.... \$ 88,841,100	.... \$ 30,193,400
Oct. 7.....	146,573,200	.... 6,805,600	.... 3,314,800	.... 88,518,300	.... 30,321,100
" 14.....	146,890,500	.... 6,631,900	.... 3,012,600	.... 89,746,400	.... 30,138,000
" 21.....	146,736,900	.... 6,212,900	.... 2,996,700	.... 88,837,000	.... 30,042,900

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1883.	Loans.	Reserves.	Deposits.	Circulation.
Sept. 30.....	\$ 79,185,943	.... \$ 18,067,286	.... \$ 70,529,456	.... \$ 9,670,153
Oct. 7.....	79,053,388	.... 17,531,512	.... 69,315,920	.... 9,711,336
" 14.....	77,758,306	.... 16,598,594	.... 67,360,088	.... 9,767,169
" 21.....	76,929,700	.... 16,240,372	.... 67,067,413	.... 9,826,535
" 28.....	75,799,024	.... 16,392,627	.... 65,720,745	.... 9,796,750

We append the usual quotations of leading stocks for the month :

QUOTATIONS:	Oct. 7.	Oct. 14.	Oct. 23.	Oct. 30.
U. S. 5s, 1881, Coup...	100½ ..	100½ ..	101½ ..	101½
U. S. 4½s, 1891, Coup.	112½ ..	112½ ..	113 ..	113½
U. S. 4s, 1907, Coup...	118½ ..	118½ ..	119½ ..	119½
West. Union Tel. Co..	87½ ..	87½ ..	86½ ..	86½
N. Y. C. & Hudson R.	132½ ..	132½ ..	132½ ..	133
Lake Shore.....	111 ..	111½ ..	111½ ..	115½
Chicago & Rock Island	133½ ..	130½ ..	132 ..	113½
New Jersey Central...	70½ ..	71½ ..	72½ ..	71½
Del., Lack. & West....	134½ ..	133½ ..	136½ ..	135½
Delaware & Hudson..	112½ ..	112½ ..	113½ ..	113½
Reading.....	63 ..	61½ ..	60½ ..	61½
North Western.....	144 ..	142½ ..	144 ..	144½
Pacific Mail.....	43½ ..	38½ ..	39½ ..	39½
Erie.....	42 ..	41½ ..	40½ ..	40½
Discounts ..	6½ @ 7 ..	6 @ 7 ..	6 @ 6½ ..	6½ @ 7
Call Loans.....	3 @ 6 ..	4 @ 6 ..	4 @ 6 ..	5 @ 8
Bills on London.....	4.80 @ 4.84½ ..	4.81 @ 4.84½ ..	4.81½ @ 4.85½	4.81½ @ 4.85½
Treasury balances, coin	\$ 88,466,533 ..	\$ 95,742,539 ..	\$ 97,307,141 ..	\$ 98,937,129
Do. do. cur.	\$ 3,106,060 ..	\$ 4,061,729 ..	\$ 4,045,286 ..	\$ 4,222,609

## DEATHS.

JACOBS.—On September 11, aged fifty-one years, W. H. JACOBS, Cashier of the Second Ward Savings Bank, Milwaukee, Wis.

LEE.—On October 23, aged fifty-five years, W. M. M. LEE, President of the Covington City National Bank, of Covington, Ky.

O'CONNOR.—On October 19, aged forty-six years, THOMAS O'CONNOR, President of the Mechanics' National Bank of Knoxville, Tenn.

PROUDFIT.—On September 22, aged seventy-one years, JOHN L. PROUDFIT, President of the Burgettstown National Bank, of Burgettstown, Penn.

REIGART.—On September 26, aged fifty-six years, HENRY REIGART, Cashier of the First National Bank of Maquoketa, Iowa.

TURNER.—On October 2, aged forty-eight years, JOSEPH TURNER, Cashier of the National Grand Bank of Marblehead, Mass.

WADLEY.—On August 10, W. M. WADLEY, President of the Central Railroad Bank, of Savannah, Ga.

WATSON.—On September 24, aged sixty-five years, JOHN WATSON, Cashier of the Deposit Bank, of Frankfort, Ky.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

---

VOLUME XXXVII.

DECEMBER, 1882.

No. 6.

---

THE COMPTROLLER'S REPORT.

The Comptroller's Report is a more cheerful document in some regards than the one presented last year. There has been no large failure to record like that of the Mechanics' National Bank at Newark, or the Pacific at Boston. Doubtless those two failures awakened bank directors and bank examiners to greater vigilance, though even in the present year has been unearthed the stupendous frauds of Mr. Lee, President of the First National Bank of Buffalo, who substantially carried his bank in his pocket and in due time robbed it for the benefit of speculators. One of the despairing facts of these times is, that, notwithstanding the clear guilt of such men as Mr. Lee, it is very difficult to punish them. Mr. Knox may entreat the banks with the utmost earnestness to do their business in a lawful manner; he may set forth with all his power the evil consequences of neglect on the part of directors to attend meetings and fulfil their other duties; bank examiners may exercise unceasing vigilance in looking after the institutions confided to their supervision, yet if the enforcement of law by the courts be so weak, that when the guilt of an official is clearly known and proved he cannot be convicted, who can reasonably hope of ever establishing a very sound banking system? This much, however, is clear, the weaker the law, the more imperative is the need of greater vigilance on the part of stockholders, depositors, and all who are pecuniarily interested in these institutions. The plain lesson taught is, if the Government cannot, or will not,

protect those interested in banks, they must protect themselves. This lesson cannot be too well learned, especially by those who do not derive much enjoyment in losing their property through others to whom it is entrusted for safe keeping. This is a very singular country in one regard; a great many work diligently to make money, and then, having invested it in various enterprises, exhibit as much negligence in not looking after it as they formerly did diligence in acquiring it. Ceaseless vigilance is the cost of keeping as well as of acquiring wealth, and if the trouble of doing the former thing be thought too great, it is hardly worth while for one to fret and toil very severely to acquire it.

The small addition to the aggregate bank circulation is another feature in Mr. Knox's report worthy of attention. For several years the growth of our bank circulation has been slight, while every department of business has been advancing with rapid strides. Why is this? Of course, one answer is, it does not pay to buy bonds at present prices for the purpose of using them as a basis for note issues. This subject opens at once into a very broad and important field of inquiry. At the outset it may be remarked that, under our present system, the issue is essentially fixed. The amount of legal-tender notes is absolutely determined, the amount of bank notes for several years has increased but very slowly, the growth has been too small to affect the rates of interest. There has been an increase of the metallic circulation, though during the last year the exports of gold have been nearly equal to the production of the mines. With respect to these facts there is no dispute; but another fact is equally apparent, the average rate of interest for any considerable length of time has not advanced. There are short periods, it is true, when rates have been driven up, but comparing the rates for six months in any year with the corresponding period of another year it will be seen that rates are not advancing. On the other hand, they are tending downward. We now come in sight of the real reason why bank circulation is not taken out more rapidly: because the rates of interest are not high enough to tempt men to embark their capital in that direction.

But, it may be asked, what is the meaning of all this? the circulation of the country is essentially fixed, except the metallic part of it; the business of the country is becoming larger and larger every year, and yet the rates of interest are declining. That the facts are as stated, is the first point to keep clearly before us. There can be no shaking of them. Almost anyone can easily investigate for himself and find out their truth.

Admitting these facts to be true, it follows that the doctrine so incessantly preached, of the need of an elastic currency which shall expand with the business of the country, contains far more error than

truth. Is not this the plain inference to be drawn from the facts mentioned? Those who contend for an elastic currency, to be in the least logical ought to show that the rates of interest are advancing in consequence of the existence of our present fixed system of issue. But this they cannot show, because the fact is otherwise. If the rates were advancing, there would be larger purchases of Government bonds for the purpose of increasing the bank-note issues. Capitalists are not asleep; there are enough of them who would issue notes if it were a very profitable business, but it does not tempt them simply because the rates of interest are so low. If we cast a glance across the Atlantic what do we see? An enormous growth in the business of Great Britain. Of course, if an elastic system of issuing bank notes is needed here because business is growing so rapidly, such a system is needed there, for the same condition of things prevails with respect to business. Yet, as a fact, since 1844 the bank-note circulation has been slowly declining. It may be recalled that when the Act of 1844 was passed, by which the circulation of the Bank of England was fixed at £14,000,000, and every note issued in excess of that amount must be represented by an equal amount of coin, it was also provided that as the notes of the other banks were retired only two-thirds of their amount should be issued by the Bank of England. Thus the bank-note circulation of England has been slowly decreasing ever since, and the currency has been augmented only by metallic additions, and yet this increase so small in comparison with the enormous growth of the business of the country, has been sufficient with that previously existing to make all the exchanges, to pay a multitude of loans contracted in all parts of the world; and all this has been done without increasing the rates of interest; nay, these have been declining. How erroneous, therefore, is the doctrine that our circulation should be made elastic in order to expand with the growth of business!

It is unnecessary to explain why the rates of interest have not increased, notwithstanding a condition of things which seemed to point very clearly toward a large increase. The reason why they have declined is, because of the greater economy in the use of money, or the substitution of other things for it. This, too, is a fact as well known as any other relating to the subject.

We have said these things to clarify the minds of those who are so much disturbed about the non-existence of an elastic currency. We are flourishing and do not have one, England is flourishing and does not have one, and the same thing is true with respect to Germany. Let no one be alarmed if the National-bank circulation is not increased, business will not suffer, there is among men sagacity and foresight enough to provide usually for all the needs of business. They have shown sufficient wisdom in meeting all of its demands, however great, without swelling to an extent worth mentioning the volume

of paper money, and this furnishes the strongest ground for a rational hope that they will as successfully meet the exigencies of the future.

But there is another point concerning the retirement of the bank-note circulation in consequence of the payment of the bonds held by the banks, on which the Comptroller has properly dwelt at considerable length and which is too important to pass without further comment. The retirement of our bank notes is certainly not desirable, unless a substitute equally good can be found to put in their place. It is also clear that when the banks are obliged to part with their bonds at the call of the Government, they are somewhat reluctant to buy the fours, or four and a half per cents. and pay the premium demanded. They fear a decline in the premium, and considering the low rate of interest they yield to present investors, a decline in the premium is a serious thing. Mr. Knox has presented a scheme intended to relieve the banks somewhat through the action of Government in buying the fours and paying the premium and issuing new bonds in their place bearing a lower rate of interest. This plan was considered in our last number. The question is one of great moment and must soon be answered some way. The present situation of the banks makes them solicitous to stop the payment of the debt in order to retain their bonds. This is most unfortunate both for the banks and the country. The instincts of a banker is to insist on the payment of all just debts; the thought of perpetuating a debt is abhorrent to his nature, it is contrary to all the ways and traditions of his business, and it is a bad thing to see banks so circumstanced that they deem it necessary to ask for a halt in paying the National debt in order to protect themselves. They certainly should be relieved from this position without delay, and if they were, they would undoubtedly be the last class to desire the perpetuation of the National debt. A remedy must be devised whereby the needed circulation may be furnished, while protecting at the same time the interests of the banks and throwing no obstacle in the way of paying the National indebtedness.

Like all of the Comptroller's annual reports, the present one is replete with valuable information touching our banking interests. Mr. Knox is a good illustration of the importance of retaining competent officers in their places, for he has become so familiar with his duties and so thoroughly acquainted with the functions performed by banks that he is rendering a most efficient service, not only in supervising their operations, but in putting before the country correct ideas concerning them. To appreciate this point well, it is only necessary to compare his reports with those of his predecessors. The meagreness of the information contained in the earlier reports is very striking, the result of an imperfect knowledge of the business, and which could be learned in no other way than by a long practical administration of it, such as Mr. Knox, happily, has had.

## THE CONDITION OF BUSINESS.

It is far more agreeable to write about good times than bad times, but there is neither wisdom nor honesty in trying to delude one's self and others respecting the real condition of things. For several years the country has been visited with a wonderful prosperity, and the aggregate wealth has grown enormously. The increase, of course, has been very disproportionate, yet almost all kinds of business have been prosperous. The first very serious depression after the return of good times in 1878 was caused by the short crops of 1881, which affected the cost of living, diminished our exports, and turned the balance of trade against the country. When large crops were assured in the autumn of the present year, the outlook brightened and every one was happy. Jobbers and retailers bought freely, the new crops began moving eastward, the income of the railroads increased, insuring larger dividends or larger expenditures for repairs; and there were many indications of a genuine improvement. It is true that the stock market did not improve as was expected, but it was not difficult to account for the disinclination of buyers to rush in and try their hand once more. The truth is, there was an enormous amount of money lost in 1881 and during the first half of the present year in stock speculation. Speculators had made a great deal of money previously, and hence their losses did not result in open failure, yet it is no less true that many millions have been lost in this way within a few months, and one reason why people do not renew the game is that they have not the wherewithal to begin. Another reason is, that they have learned something; they are more cautious. All the talk about a bull market produces no effect among outsiders. They are sceptical. Again and again has the experiment been tried of sending stocks upward, but it proves a hopeless task, for after a few days they sag back again to the old figures. And the truth is, there is no solid ground for a bull market. We do not mean to say that stocks to-day are resting on an unsound foundation, though of course the non-paying ones are, but there is no reason why they should advance. The tendency of things is the other way, and the stock market is the first to feel it.

It has therefore been acting as a sort of barometer of the approaching change. The impossibility to drive up stocks was proof that they had already reached high-water mark. And what was true with regard to them was equally so with regard to merchandise and business generally. Notwithstanding the large crops, the



highest point of advance had been reached, indeed, it had been passed.

One cause for the change unquestionably is the diminishing supply of capital for new railroad enterprises, which have been multiplying too rapidly. It is the story of 1870 over again. People are getting tired of buying bonds which yield no present income. In many cases they have ceased to buy because they have not the means, in other cases they are afraid to buy fearing they will not receive an adequate return. Of course railroad construction cannot go on if the money to pay the bills is not forthcoming. The first of the industrial classes to feel the change are the iron and steel makers. The following report from the Bessemer steel works of the Lackawanna Iron and Coal Company, located at Scranton, Penn., which employs a large number of men, is unquestionably correct. In the middle of November they began working on half time owing, says the report, to a decrease in the demand for rails caused by a shrinkage in the work of railroad building.

The company had two years of unexampled prosperity, and the sudden stoppage, being unexpected, caused quite a commotion among the workmen and the merchants of the place. It is given out that there will be a slacking up of all the steel industries in the country, as the inducements to stock rails are not so great as they were one year ago. The railroad boom is on the decline, and cautious mill-owners are not willing to take the risk in anticipating orders in advance. It was rumored here this afternoon that the mines would also begin to work on half time, but inquiry at the offices of the principal companies elicited that there was no authority for such a statement at present.

On the 16th of November a number of iron manufacturers of Pittsburgh were interviewed, and while they all agreed that business was unusually dull for the season, and that prices were very low and still declining, they did not, however, fear a general stoppage of work or a reduction of wages. But from Cincinnati comes the following report:

From leading business men it is ascertained that there is little prospect of any considerable improvement in the money market for some time to come, and failures of merchants in the interior who have purchased heavy stocks of goods may be looked for. The difficulty is that the farmers are not selling their produce, and the usual flow of currency from the East at this season of the year has, for that reason, been in a large measure stopped. For some time the Cincinnati banks have been buying New York exchange from each other, which is very unusual. The mild weather during October and half of November has prevented the Fall trade from being as heavy as was anticipated, and stocks are unsold. The country merchants have bought heavily on time, and there will be an unusual number of cases where they will be unable to meet their paper at maturity. The time has now come for bad roads, and produce will be slow in being marketed, even in cases where farmers are desirous of selling soon. In Cincinnati the merchants have less to complain of. Sales

have not been as heavy as was expected, but owing to the demand for money in New York, extraordinary rates of discount were offered for cash payments, and the local merchants have taken advantage of it by borrowing money of the banks. In spite of the small sales, therefore, they have thus been enabled to make a fair profit.

Accepting these reports as true, and there is no reason for questioning them, they show that business is not as prosperous as it was, and that the utmost wisdom is required in providing for the future. We would not say a word to alarm our readers unduly, nor would we draw the melancholy conclusion from the foregoing facts that another financial storm is approaching,—nothing of the kind. But the conclusion we think is very clear that prices have touched their highest point, that there are to be no more booms, that profits are to be smaller and losses in some cases heavier. These conclusions, if correct, should lead all classes of investors to exercise the utmost prudence, to get their money out of non-paying railroads while there is a chance, and to be content with lower rates and sure returns.

Indications like these which we now so clearly see in the business world, if wisely heeded, will keep business in a sounder state than if we moved on with closed eyes. Our safety and prosperity lies in seeing them and acting accordingly.

---

## THE MONEY QUESTION.\*

[CONCLUDED FROM NOVEMBER NUMBER.]

Herr von Dechend refuses the free coinage of silver for Germany, as already mentioned, but he by no means assumes, as may be remarked in opposition to Soetbeer, that it will be abolished also in the States of a double standard. He only says, he is convinced that no State, not even France and the American Union, can long keep its engagement to coin any amount of silver brought into its mints, unless room enough is first provided for the silver, and his proposals are directed towards this end. He leaves the possibility open, that the other States interested may form an international league of the double standard, while to support it, Germany on her part would make the concessions stated in the memoir. Arendt, the most zealous champion of the German bimetallic party, commenting on von Dechend's memoir in the "*Kampf um die Währung*," the organ of the German Union for the International Double Standard, has approved of this combination, in which England (with the concessions announced at the Monetary Conference), and Germany, would remain outside of the actual system of the double

\* Translated from the German of W. Lexis.

standard. In earlier essays I have also recommended, not free coinage of silver, but the retention of the thaler silver, supposing the double standard to exist in other countries. Germany would only eventually enter into the great league together with England, after the success of the system had been conclusively proved. Judging from the previous course of the negotiations, it seems more and more doubtful to me, whether the other States, without further co-operation from Germany and England, will really come to a bimetallic agreement based on the ratio of value of  $15\frac{1}{2}:1$ . This point will be touched upon hereafter; first, we will glance again at England's position. Herr von Dechend expresses his opinion that England will never go over to the double standard. One may well share this opinion of the President of the Imperial Bank, and still be thoroughly persuaded of the excellence of the bimetallic system. I myself have been rather pessimistic in this connection; but of late this view may be opposed by the intensive importance that has characterized the bimetallic agitation in England for some months past. It has two supporters not to be despised, in the India Office and the Bank of England, and an "International Monetary Standard Association" has been formed to further it. This association came into being December 22, 1881, after a preliminary meeting had been held in the India Office, the Under Secretary of State, Sir Louis Mallet, taking part. Among the leading personages may be named: H. H. Gibbs, President of the Association, ex-Governor of the Bank of England, English delegate to the Conference of 1878, then still an opponent of bimetallism; H. R. Grenfell, the present Governor of the Bank of England; R. B. Chapman, ex-Secretary of Finance for India; also Sir George Campbell, Rob. Gladstone, E. Cazalet, P. Tidman, the Members of Parliament, A. J. Balfour, Alderman Cotton, Orr-Ewing, St. Williamson, &c. The Lord Mayor presided in the Mansion House, March 8, 1882, over a fully attended meeting of the association, by which it was completely introduced into public life. The association has taken as its organ the weekly "*Bullionist*," which publishes the specially bimetallic articles in a separate supplement. The literary discussion of the monetary question in periodicals and pamphlets is ever growing more lively. E. de Laveleye's controversy with Bonamy Price in the *Contemporary Review*, is already quite a way back; more recently, may be particularly remarked a monometallic article by Lord Sherbrooke (formerly Chancellor of the Exchequer), in the April number of the *Nineteenth Century*, and a reply to it by Grenfell, in the same magazine for May. In regard to the first essay we do not mean to say that it has any scientific value. Relying upon a complete ignorance of even the most common bimetallic literature, the former financial minister unnecessarily repeats a series of familiar ideas from the elements of monetary science, and gives as a "proper definition of bimetal-

lism" "a fraudulent contrivance by which the purpose for which money was invented is entirely set aside in order to enable a State to palm off an inferior metal as of equal value with a superior one." It is only worthy of observation that men like Lord Sherbrooke allow themselves to be disturbed in their comfortable retirement and to be so excited by the turn of affairs as to give utterance to a few commonplaces in order to set right a misguided world. Lord Sherbrooke is puzzled, as he remarks, by the fact, that the Governor of the Bank of England "comes forward as a bimetallist," and that "a gentleman of the ability and authority of Mr. Cazalet," has taken the chair at a bimetallic meeting. His article is, moreover, worthy of note, because he does not deny the scarcity of gold as a necessary consequence of the extension of the gold standard to Germany; but he finds, that it "really passes the bounds of patience," when the possible decrease of gold is spoken of as an irremediable misfortune. The remedy is so simple in his opinion: a better price must be offered for the gold; in other words, the prices of commodities and labor must be put down. It is a "disagreeable remedy," he admits, but in any case it can be more easily applied by a rich than by a poor nation. The dearness of gold, therefore, whose prevention forms the chief aim of the bimetallists, whose announcement is declared nonsense by the German gold party, is for Lord Sherbrooke a mere matter of course and quite unimportant. That he, like the most illiberal of wealthy squires, has no eye for the loss which all productive classes suffer from such a fall of prices, not resulting from increased facility of production, may be allowed to pass; but it is incomprehensible that the former financial minister of one of the most heavily indebted States should so lightly accept a considerable increase of the pressure of debt, which gives the creditors a quite unmerited profit solely in consequence of the imperfection of the mechanism of circulation at the expense of the debtors, or—in the case of a State's debt—at the expense of the great body of the tax-payers.

In the answer of the Governor of the Bank, Grenfell, to Lord Sherbrooke's article should be noted, that in the opinion of this competent expert, the use of silver, after regaining the former French mint price, will chiefly be to serve as security for notes or coin certificates. He recalls Ricardo's project of an issue of notes to be secured by gold bullion, so that redemption would only be expected for export purposes; if a part of this gold bullion be replaced by silver bullion, and the same legal mint price be accepted everywhere for the latter in comparison with gold, the mixed security will perform exactly the same offices, in the payment of balances to foreign lands and in simple payments. Thus a common international "standard," though consisting of two metals, *i. e.* a common international measure of value or property, would be

created, which does not exist, when gold and silver in different countries, both serve indeed as monetary materials, but are not brought into a fixed ratio of value to one another. Mr. Grenfell is convinced, that should the other States, by union, demonstrate the practicability of the bimetallic system, England would likewise be induced to join by her own interest; but on the other hand, he recognizes the weight of the objection to be expected from the other States, that they should be called upon to pluck the chestnuts from the fire for England.

What then is the programme of the English bimetallist association? It runs: promotion of the stability of values by the free admission of silver to be coined and employed as money, under like conditions as those existing for gold; also by the bringing about of an international agreement, settling upon a fixed ratio of value between gold and silver, so that both metals in common form the circulating mediums of civilized nations, and thereby the payment of international balances is facilitated, and the present unnecessary and immoderate risk in domestic and foreign commerce is lessened.

Opponents on the continent have reproached the English bimetalists with desiring the coinage of silver, not for England herself, but for other countries only. But the attacks of Lord Sherbrooke and other English monometallists suffice to show, that in England the aims of the association are otherwise understood. It seeks indeed to procure free admission into England also of silver as money, though it cherishes no illusions concerning the might of the deeply-rooted prejudice it has to encounter. The importance of silver, assured in its value, for international payments is to be remarked in the above programme, as well as the circumstance, that a definite ratio of value of the two metals, which might be made the basis of the international system, is not stated. The most influential leaders of the association, particularly Gibbs and Grenfell, are for the restoration of the ratio of  $15\frac{1}{2}:1$ , so long maintained by the French double standard, and Gibbs' views, in this connection, met with the general approval at the great meeting of the 8th of March; but this question is treated as one more of pure fact than of principle, and every one is free to regard it as still open. Thus the organ of the association says, in commenting on von Dechend's propositions (which in its opinion would rather hinder than promote the foundation of an international bimetallic system): An increase in the price of silver is a mere accessory and not a necessary part of the bimetallic principle. We want first a common measure, by which all business can be carried on with certainty . . . ; Secondly, we aim at making both metals useful by having their ratio of value determined for the civilized world by an international agreement. Also in a response of the same organ to Soetbeer's doubts of the sincerity of the English efforts, the ratio of

value of  $15\frac{1}{2}:1$  is not emphasized as the essential aim, but it remarks: Our association was not formed to put the price of silver at fifty or sixty pence, but to bring about an international agreement concerning a standard based upon both precious metals. In the previously mentioned American bill also, reference is only made in general to a fixed, internationally-recognized ratio of value, not, however, to the former French one. The memoir of von Dechend likewise makes it an object of special agreement, in what ratio of value of gold and silver the silver currency shall be coined; such a one, however, could be easily decided upon, when once the principle had been assented to. In another place (*Schmollers' Jahrb.* V. 4, H. S, 253): I have also contemplated the possibility of the acceptance of a common ratio of value (about 18:1) corresponding to the present market value of silver. Such a solution of the monetary question, which would undoubtedly represent a victory for the fundamental principle of bimetallism, may be considered as debatable, and yet full approval be given to the programme of the German Union for the International Double Standard that advocates the old ratio of value. The second solution would only come under consideration after the more desirable one had shown itself unattainable. There is one fact above all in favor of the return to the old ratio of value, that the milliards of silver coin in the European States, with an incomplete double standard, and the American silver dollars approximately at least, are coined at this ratio. In particular the 450 million marks of German thalers would again be really worth their nominal value, and the (now legally admissible) 450 million marks of subsidiary silver coin would be raised from their depreciation of twenty-four per cent. to at least the considerable enough legal depreciation of ten per cent. But the ratio of  $15\frac{1}{2}:1$  for the price of silver could only with certainty be made to prevail in free commerce by a large number of economically important States decreeing full freedom of coinage of silver at that ratio. No doubt a union of the franc States, Holland, and the United States would suffice to accomplish the object, if Germany retained its thalers as current money, and England assured the free coinage of silver in India for the future, and the Bank once more regularly kept a fifth of its cash in silver. The final, unreserved accession of Germany to the bimetallic league would then only be a question of time, and very probably later, when the success of the system had undeniably come to light, even England would be induced to join by her own interest. It remains, however, questionable, whether the first mentioned group of States rightly understands its interests, which on the whole are more bound up with the silver question than German interests, to such a degree, that alone at first, and supported only by the proposed concessions of Germany and England, it will conclude to take the decisive step of freely

coining silver. But if these States make their actions dependent upon Germany's immediate accession, an international bimetallic system on the ratio of  $15\frac{1}{2}:1$  will very likely never be established. As the prevailing current of opinion now is, without an actually realized elevation of the value of silver, Germany will scarcely ever freely coin this metal at the old ratio of value; at least it will make the condition, that England shall simultaneously do the same. England, however, will never let herself be persuaded by theoretical teaching, or journalistic agitation, to undertake an essential modification of her monetary system, of which she is justly proud, and which at present stands alone completely intact in the civilized world. England's participation in the bimetallic project can only be looked for, when the preponderating majority of interests in England is perceptibly shaken up, when an evil in the existing system becomes directly sensible to the preponderating majority of the economically influential population, or the business advantage of an innovation becomes plainly obvious. The now developing agitation of bimetallism proves, that fixing the value of silver has considerable interest for influential circles; but not at all on that account does the majority of interests feel itself touched by the silver question. The exportation to India is injured by the depreciation of silver, on the other hand the importers of Indian wares into Europe derive profit from it. The Indian finances and the officials and pensioners of the Indian Government suffer losses, but the Englishmen of Europe allow themselves to be as little troubled thereby, as by theoretical expositions of the danger of a general tightness of money, particularly in view of the present low rate of interest.

In my opinion the expectation would show itself quite unfounded, that England might be put at a disadvantage and forced into the bimetallic league by the cessation of the American coinage. This measure would probably have the only result, that the coinage of silver in India would also be stopped, and the existing coins on the introduction of a gold basis would be transformed into money of credit. By another low fall silver would be still more discredited and made almost despicable in the prevailing opinion of Europe and of England especially, while an actual rise would tend to silence its opponents. The restoration of the ratio of  $15\frac{1}{2}:1$  therefore depends upon whether the above indicated group of States will accept it and unconditionally open its mints to silver. If this takes place, the retirement of the ten-mark and ten-franc gold pieces is unnecessary, while the withdrawal of the smaller pieces and the paper money under twenty marks is in any case to be recommended. If the States do not reach this determination, carrying out the von Dechend or the Levy proposals would only create temporarily favorable prices for silver.

Should the fear of an unlimited coinage of silver prove insuper-

able in all the interested countries—and a new catastrophe from the suspension of the Bland bill would increase this fear—there would be nothing for the civilized States but to either simply leave silver to its fate as a common raw material of industry, and to retain preliminarily the existing coins as a sort of higher-marked nickel money, and in the course of a few decades to withdraw it down to the amount necessary for small coin and to sell it at a great loss, or to effect such a bimetallic union as will give silver a fixed value without unlimited freedom of coinage. The first way would, no doubt, lead to an injurious scarcity and dearness of money; the second would be far preferable, if the fatal irresolution and disagreement of the interested States should render the complete rehabilitation of silver impossible. In this second case, it would simply be necessary instead of the ratio of  $15\frac{1}{4}:1$  to make about  $18:1$ , or some other ratio nearer the present market value of silver, the common basis of the new silver coinage. For two years past the price of silver has hardly gone out of the limits of variation of  $51\frac{1}{2}$  and  $52\frac{1}{2}$  pence. This is chiefly due to the regularity with which the United States have annually held back about \$28,000,000 of newly-produced silver as coin. Assured employment for the rest of the production was found in Eastern Asia, in industry, and in coinages of secondary importance. If, therefore, the leading States would open to silver under all circumstances in their mints the possibility of a total annual sale of about 150 million marks at the ratio of  $18:1$ , that is at the fixed price of very nearly  $52\frac{1}{2}$  pence for the ounce of standard silver, this would be sufficient to always maintain the market price of silver very close to this figure. It would only be requisite for the States concerned to divide that sum among themselves,\* without having to undertake the coinage on their own account. The regulation of the market price would be accomplished with automatic certainty, if the holders of silver could always immediately realize on their metal at the mints, which had not yet completed their annual contingent of coinage. Should other favorable opportunities for sales arise, as for instance in Eastern Asia, the upper limit of coinage would, perhaps, be far from attained; the market price of silver, however, could not go much above the mint price, when there was a sufficiently large store of silver coin in banks or public institutions of deposit, while notes or certificates of it were in circulation. At present the artificially appreciated thalers and five-franc pieces are not to be used for exports, on which account a considerable increase of the price of silver is possible at times; but if Germany and France had the same weight of silver in current coins at the new ratio, and mostly concentrated in the banks as

\* Of course the present American coinage of silver would then be considerably diminished. The retention of free silver coinage is supposed for India.



now, all unusual demands for exportation could be satisfied, especially should there be an annual, even very moderate, augmentation of the weight, without having to expect a premium on silver, a rise of the market price of silver above the universally accepted mint price. At the most there could only be occasionally an increase of the rate of discount, which would afford a conclusive proof of the full quality of the silver money to the gold. There is no doubt but that the full-valued silver coins, or the certificates circulating in place of them in this system, would show themselves thoroughly serviceable in wholesale and international trade; as in the bimetalism of Cernuschi, silver would be restored to the commerce of the world, as an universally recognized instrument of exchange and settlement; the present stock of silver currency after losing about fourteen per cent. of its former value would remain definitively preserved to the circulation, and the chronic scarcity of gold sure to follow its complete demonetization would be consequently averted; for the future, too, the yearly addition of a certain amount of silver money would calm the apprehension of a scarcity of gold, and on the other side all reason to dread a deluge of silver would be removed. Such a limited bimetallic system, in which the present value of silver is merely fixed and the, to many, venturesome seeming experiment of free coinage becomes unnecessary, would certainly have more hope of gaining the assent of all nations, even England included, than the system based upon the ratio of  $15\frac{1}{2} : 1$ . But there are so great financial difficulties actually opposed to it, that the States most nearly concerned will scarcely decide in favor of it. The German Empire would have to spend nearly 130 million marks, in order to substitute silver coins of full value for the nominal value now represented by the thalers, and to recoin the silver subsidiary money so as to make it worth only ten per cent. below face value in accordance with law. France, moreover, whose stock of five-franc pieces of its own coinage is often estimated at three milliards of francs, would perhaps have to sacrifice 400 million francs in re-coining them at the new ratio of value.\* Of course the sacrifice would only be the giving up of a fictitious credit value, no real loss, just as the redemption of paper money is but an extinguishment of debt. There results, however, a calculable loss for the finances of the State, and the governments and representative assemblies of Germany and France will probably recoil before this. If it be desired to really escape this loss, simply doing nothing will not be

\* The alternative mentioned by Cernuschi (*The Restitution of Silver*, p. 8), of a diminution of the contents of the gold coins cannot be taken into consideration in the countries with an incomplete double standard. In these countries gold is the measure of value, the existing silver coins possess a value solely dependent upon the credit of the State, and when the State desires to renounce this use of its credit, it has simply to replace this credit value by a metallic value.

enough, but the only remedy is to recur to the ratio of  $15\frac{1}{2}:1$ , and the free coinage of silver. For if the thalers are simply retained, the difference between their real and nominal value represents already not only an actual loss of over sixty million marks, but this loss may also be indefinitely increased, if all prospects of a bimetallic union vanish. Then a recoinage or withdrawal of these coins will be finally inevitable. The necessity of such a measure will show itself still earlier for the small coin. The retention of 450 million marks of small coin, at a depreciation of twenty-five, and perhaps, later forty per cent. would be truly a mockery of our boasted monetary reform, and would, doubtless, have been recognized as such by its originators in 1871.

The possibility might also be considered of bringing about an international agreement on a ratio between  $15\frac{1}{2}$  and  $18:1$ , and a corresponding limitation of the coinage of silver. Theoretically there is indeed, to a certain extent, a free choice between the latter ratio, corresponding to the present market value of silver and its present employment for coinage, and the former, which supposes an unlimited freedom of coinage. Any value between, for example  $17:1$ , might be maintained, if the total amount to which the mints could accept silver, were proportionately augmented. There is no contradiction of "natural laws" in this, for it is quite natural that silver, a commodity not to be increased at will, should rise in value in proportion as employment for monetary purposes is again restored to it. It cannot, however, be determined *à priori*, what maximum of coinage may be allowed\* to assure fixity to some middle ratio of value, and, besides, it seems questionable, whether the States would any more easily come to an understanding on such a middle course, which at first sight appears arbitrary, than on the return to the old ratio, by which all otherwise threatening losses of silver would be avoided. For the present, however, all the States will probably persist in inactivity; but as soon as a single one takes any step independently, facts will surely make it clear that the interests of single nations in the money question cannot be isolated, that a far-reaching solidarity exists between them all; in short, that this question is to be conceived and treated not only as a National but as an international one.

\* The allowance of a maximum of 300 million marks would suffice to maintain the ratio of  $15\frac{1}{2}:1$  in view of the normal demand of Eastern Asia and the considerable industrial employment of silver.

---

CHECKING OUT WIFE'S DEPOSIT.—The Court of Appeals in New York holds that a husband cannot deposit money in the name of his wife, and then check it out without her knowledge or consent. A case of this kind occurred some time ago, and the wife brought an action against the bank and recovered the amount which it wrongly paid to the husband.

## THE SALE OF PUBLIC LANDS.

The disposal of the public lands is going on with marvelous rapidity. During the last fiscal year the Government sold 15,699,848 acres, receiving therefor \$8,361,091. Of these lands 6,347,729 acres were sold under the homestead law, and 3,910,212 acres were sold for cash. These lands were purchased for different purposes; 3,699,899 acres were taken by farmers, 7,194 acres for the coal they contained, and 37,064 acres were taken as mineral lands, and 166,053 acres were desert land.

Within a few years enormous tracts have been granted by the Government as subsidies to railroads, and the worth of these grants has led to the formation of large companies for the purchase and resale of the Government lands. Within a year an English company has made an extensive purchase of lands in the Yazoo Valley, Mississippi; and still more recently another English company has bought 4,500,000 acres of land in Western and North-western Texas. It is the object of the company to sell alternate tracts of from 200 to 500 acres to European immigrants wishing to settle upon it. The settlers will improve their possessions, and by so doing will increase the value of the reserved tracts. In many parts of Texas the value of land has doubled itself in the last two years. Within six years land that was bought for \$1 an acre has been known to bring from \$20 to \$30. The Texans, in many parts, do not look with favor upon these extensive English purchases. They are afraid of the tyranny of landlordism. But they forget that there is a great deal more land in Texas than in the whole of the British Isles. There is no cause for fearing that the miseries of Irish landlordism will ever be known in any part of our Union.

Notwithstanding the purchase of large tracts by companies, the figures above given show that the public lands are purchased in enormous quantities by those who are directly interested in their development. Even the lands purchased by speculators are not to be long held by them. Their evident policy is to find a market for them as soon as possible. The speculators are not playing an altogether bad part in the matter, for after thus investing their money they of course are eager to encourage purchasers, and are directly interested in promoting immigration.

The statement of an Eastern journal that "the area of public land disposed of in the fiscal year ending with last June was by far the largest known in any year of our history" is less founded than is the statement in a Western journal that "all our great financial crises or panics have been immediately preceded by unprecedented

sales of public lands." From 1871 to 1873 the receipts for public lands sold were \$7,846,672 to \$4,395,434 received from 1874 to 1876. What a vast increase do the figures for the last fiscal year show in comparison! Yet the income for the last year, large as it was, fell below that for the years 1854, '55 and '56. During the first of these years the sales aggregated \$8,470,798, for 1855 \$11,497,049, and for 1856 \$8,917,644. These enormous sums received before the crash of 1857, were in turn superseded by the amounts received for public lands sold just before the crash of 1837. The receipts then were \$14,757,600 in 1835 and \$24,877,179 in 1836. In 1837 they fell to \$6,776,236.

The fact is worth noting that the sales of lands are increasing rapidly in the Southern States, especially Florida, Alabama, Mississippi, Louisiana and Missouri. Of all these States probably no one offers greater inducements to the enterprising immigrant than Missouri. In 1881 141,355 acres were sold in that State, in 1882 the quantity had more than doubled. On the south side of the Missouri River there are upwards of a million of acres (much of it good land) still to be given away as homesteads. In the same portion of the State there are millions of acres, mostly lying south of the Osage River, that can be bought, we are informed, from fifty cents to five dollars an acre. Much of this land is equal to any in the whole country for vineyards, fruit and sheep farms. In the extreme south-eastern quarter of the State there is an immense body of the richest land in the world, which can be restored by drainage, and that, too, at a moderate cost compared with the value of the land to be redeemed. Not only can a large portion of the land in the south half of Missouri be obtained very cheaply, but even the finely cultivated farms along the Valley of the Missouri and all over the rich prairies of the western, central and northern portions of the State, can be purchased lower than the same kind of land and improvements in some of the sister States.

While this rapid settlement and development of the public lands means a great and desirable increase of the National wealth, numerous questions are involved in the subject of the gravest nature. The flood of immigrants that are pouring into the country are not an unmixed blessing, they bring with them many ideas alien to the genius of our republican institutions. If they add to the National wealth by coming, so, too, do they enhance the danger of preserving those republican principles which are essential, as we believe, to the permanent growth and welfare of the people. One thing is certain, the genuine patriot cannot bestir himself too soon in checking the spread of hostile un-republican ideas amongst us, and this can be best done by putting before new-comers, in the clearest light possible, the inestimable benefits of preserving our Government in all its essential features unchanged. This is a great work, and a necessary

one, otherwise we shall find sooner or later that the foreigner has come here and acquired wealth at the cost of the happiness and prosperity of the original occupant.

---

### INTEREST, RENTS AND REAL ESTATE PRICES.

The query was recently propounded in one of the New York City newspapers, whether a house, of which the market price was \$40,000 a few years ago, when the average interest of money upon acceptable securities was seven per cent. per annum, is not an equally good bargain at \$60,000 to-day, when the average rate upon such securities is four per cent.

The price of any description of real estate held, or purchased, with reference to its income, must be governed by two things:

*First.* The prevailing opinion in the market as to the amount of annual net income which it may reasonably be expected to yield permanently and on an average of years.

*Second.* The prevailing opinion as to the per centage of annual net income likely to be yielded, permanently and on an average of years, from an investment of money in the purchase at current prices of the class of securities commonly believed to be equal, or approximately equal, to real estate in safety and reliability of value.

It is quite plain, that a fall in the rate of interest obtainable by purchasing securities, which was generally believed to be the result of merely temporary circumstances, would affect in only a slight degree the price of such real estate as yielded an undiminished rent. But if the fall was generally believed to be permanent, the prices of such real estate must rise in a corresponding degree. The object of the investor in either securities, or rentable real estate, is income, and there must be a constant and strong tendency to an equality between the prices of such real estate and of securities believed to be equally safe, if the annual return from both is the same. No allowance need be made for individual idiosyncrasies, or exceptional tastes, inasmuch as the market price of anything represents the actually current and prevailing opinion, and not the special preferences of particular persons. Ordinarily, such preferences are so various as to neutralize each other in their effect on market values. If there are those who dislike the degree of attention which the holding of real estate requires, or who prefer to withdraw their affairs from the observation of mankind, there are others to whom nothing seems so solid and reliable as realty, and who see more advantages than

disadvantages in having their possessions tangibly and visibly known to the world.

There is probably no country in which the tendency to an equality produces an actual equality in the percentage of income derived from the purchase of real estate and securities at the current prices. Variations from an actual equality will arise from the special circumstances of each country. In England, for example, the ownership of land carries with it a peculiar social consideration and political weight, and, as a consequence, land is held there at prices on which a less percentage of money income is yielded, than is obtainable from the holding of consols and other securities reputed to be sound.

But however the divergencies from an exact equality may vary, comparing different countries or comparing different times in the same country, it will always be true in respect to any country considered by itself, that the proportion between the prices of real estate and its income will at every given time bear some fixed relation to the proportion between the prices of sound securities and their income, so that a fluctuation of that proportion in the one case will be accompanied by an equal fluctuation of that proportion in the other case. It must, therefore, be true, that if in any country there has been such a fall in the current rate of interest, in connection with an existing common belief that the fall is permanent, as to cause a rise of one-half in the price of a permanent security yielding a fixed income, there will be a corresponding rise of one-half in the price of real estate yielding a fixed income.

There is, however, only a small proportion of the real estate of this country, which yields an income fixed by contract, as the income of a long bond, bearing a specified rate of interest, is fixed. Perpetual ground rents are not common outside of Philadelphia and Baltimore, and very long leases of lands and buildings together are the exception rather than the rule in all parts of the country. In a large majority of cases, the future permanent and average income of real estate is not ascertained and defined by stipulation, but is a matter of foresight and judgment, and it is the prevailing opinion as to what this future income will be, which settles the present selling price of real estate in the market.

A fall in the current rate of interest cannot affect the income of land, considered in itself and independently of the structures upon it, but it will in the end correspondingly diminish the income derived from such structures, considered in themselves and independently of the land on which they are erected. Structures may be indefinitely multiplied, and the rapidity with which they will actually be multiplied, will tend to increase as the current rate of interest falls. Those who erect structures with borrowed capital, can effect building loans on more favorable terms, and they will

borrow more and build more, until the decline in the rent of structures becomes as great as the decline in the rate of interest. Persons using their own capital, if they find that the income from securities has shrunk, will invest more of their capital in building, and will continue to do so, until the old proportion of income from securities and real estate is restored.

As the rent of land for agricultural purposes will remain unaffected by a fall in the rate of interest, the selling price of such land will rise when such a fall occurs. The rent of land for the use of erecting buildings upon it, or what is commonly spoken of as ground rent, will also remain unaffected by a fall in the rate of interest, and the selling price of land in demand for such a use will rise as interest declines. But when land with structures upon it is sold, or leased, as a whole, or as a single property, which is the ordinary way in which such land is dealt in, we readily see that while so much of the income as is referrible to the land itself will remain unaffected by a fall of the rate of interest, it is otherwise with so much of the income as is referrible to the structures erected upon it, and that this portion of the income will decline, not simultaneously with, but as an eventual and final consequence of the decline in the rate of interest.

In the newspaper query upon which these observations are made, it was not stated whether the income from the house, salable a few years ago at \$40,000, and now salable at \$60,000, had remained unchanged. That is the most material of all the things necessary to be known, before the query can be intelligently answered. If in fact the net income had remained without alteration, and if also it was the current opinion of the market that it was likely to continue permanently without alteration, the price should have advanced, not from \$40,000 to \$60,000, but from \$40,000 to \$70,000, as a consequence of a permanent fall from seven to four in the rate of annual interest.<sup>1</sup>

Many causes, among which, at present, the steady reduction of the National debt is a conspicuous one, are tending to make the annual income from fixed securities and real estate a less and less percentage upon their selling prices. Obviously, the owners of securities and real estate can, under no circumstances, be losers, and must ordinarily be the gainers, if it is by a rise in selling prices, and not by a fall in absolute income, that the proportion of income to price is changed. They would neither lose, nor gain, if they retained their holdings in perpetuity, but that case is the exception rather than the rule, and especially in this country, where even real estate is so constantly changing hands, that a great majority of the owners of it care more about the selling price than they do about the income.

A rise in the price of real estate, which results solely from a

fall in the rate of interest, while it is beneficial to the landlord, is in no way injurious to the tenants of it, as their rents are not increased. Their situation is precisely like that of the United States in respect to its bonds at four per cent., unfortunately made not redeemable until 1907. The holders of those bonds, if they choose to sell them, find their capital augmented by one-fifth, in consequence of a fall in the market rates of interest, but the annual charge of the bonds to the United States is not made any heavier.

A fall in the rate of interest has no tendency to produce a fall in the income of land, except in the case of land upon which structures are erected, and then only to the extent of that part of the income which is referable to such structures. For that loss of income the landlord does not seem to get any offsetting compensation, so long as he holds the estate, but he may console himself by reflecting:

*First.* That the loss comes gradually and slowly, inasmuch as it takes time for that diversion of capital into building which results from a fall in the current rate of interest.

*Second.* That he may escape the loss of selling the estate, inasmuch as its selling price will not be diminished by a decline of the income of the structures upon it, when that decline is the result merely of a fall in the rate of interest, and is limited and measured by the degree of that fall.

*Third.* That in selling the estate, he realizes the profit of the rise of that part of it which is distinct from the structures upon it. That part will have risen in the market, because its income will not have fallen, inasmuch as all incomes which remain the same in amount advance in selling price in proportion as the rate of interest falls.

|| In the case of the tenants of real estate having structures upon it, such as the lessees of shops, warehouses and dwelling houses in towns and cities, they lose nothing from any of the effects of a fall in the rate of interest upon the property which they hire and use, while they gain by its effect in reducing the rent of structures as distinguished from the land upon which they are erected. This gain may come slowly, but it comes with an assured certainty, and the gain will be in proportion to the fall in interest, because the eventual decline in the rent of structures will correspond in degree with the decline in interest. Among the principal reasons why rents have been, and still are, higher in New York than in London, is the fact that the average rate of interest has been, and still is, higher in the American than in the British metropolis.

Every reduction of the average rate of interest, however brought about, whether by the saving and accumulation of capital, or by drawing it out from its favorite lodgment in public debts, tends directly and inevitably to reduce rents in towns and cities.

GEO. M. WESTON.



## APPROPRIATIONS AND EXPENDITURES, 1800-1812.

With the incoming of the century there was a new President, Jefferson, who appointed Albert Gallatin Secretary of the Treasury. Born in Switzerland, he emigrated to this country when he was nineteen years old. He had served in the State Legislature of Pennsylvania, and was elected to the United States Senate, but was refused admission because he had not lived in the United States long enough to become a resident of the country. Afterward he was elected to the House; and there he displayed that aptness for finance which for many years rendered him one of the foremost figures in American politics. He had been altogether the ablest critic of the financial plans of his opponents. In political management no one has ever been more adroit than Jefferson; but he knew hardly any thing about finance. Gallatin, therefore, was an indispensable member of the Presidential Cabinet; and this is the reason why he retained office so long after he became unpopular with his own party; there was no one to put in his place.

Gallatin possessed a very clear and vigorous mind; and, while his system of finance is not marked by any striking ideas and suggestions, he was always painstaking, honest, and ever zealous in promoting the strictest economy in all the concerns of the Government. Though evincing something of a partisan spirit on a few occasions, the persons who have served the country so disinterestedly and efficiently are very rare.

The debt having been funded, and the machinery set a-going for raising the means to pay it and the other expenditures of the Government, Gallatin was confronted with no gigantic problems like those which blocked the path of Hamilton when he entered the Treasury Department. Friendly relations existed with all nations; the army and navy were reduced to the lowest point; the civil service was not burdened with useless officials; the debt had somewhat increased in consequence of preparations for war with England and France, but not in proportion to the increase of population and wealth. "Through all their troubles," says Gallatin's biographer, "the Federalists had so carefully managed taxation, that there was absolutely nothing for Gallatin to do; and he attempted nothing in regard to the tariff of impost duties, which were uniformly moderate and unexceptionable, while, even in regard to the excise and other internal taxes, he hesitated to interfere."

"What Hamilton was to Washington, Gallatin was to Jefferson," says one who has studied his life and times with great care, "with only such difference as circumstances required." Madison, it is true.

exerted a potent influence over Jefferson; in truth the Government was a triumvirate almost as clearly defined as any triumvirate of Rome. During eight years the country was governed by three men—Jefferson, Madison, Gallatin—among whom the latter “not only represented the whole political influence of the great Middle States, and effectively wielded the powers of the purse, but also was avowedly charged with the task of carrying into effect the main principles on which the party had sought and attained power.”

During the summer and autumn of the first year Gallatin perfectly mastered all the details of his office, and determined within what limits the expenditures of the several departments should be confined. The Cabinet were in accord with respect to paying the debt, and that this should be done in preference to reducing taxes; but they were also desirous of reducing these. The only way, therefore, to effect both objects, was to lessen expenditures. This could be more easily done, so Gallatin thought, in the navy than anywhere else; but the Secretary of the navy was disinclined to introduce any new economy in his department.

In response to the request of the President for the views of the Secretary of the Treasury concerning the revenue and expenditures of the Government, in the autumn of that year he sent the following sketch:—

REVENUE.		EXPENDITURE.	
Imports.....	\$9,500,000	Interest.....	\$7,200,000
Lands, postage....	300,000	Civil expenditures...	1,000,000
		Military expenditures.	530,000
		Naval expenditures .	670,000
Total.....	\$9,800,000	Total.....	\$9,800,000

By applying the sum of \$7,200,000 to the payment of the interest and principal, he expected to pay in eight years \$38,000,000, of the debt. Fixing this as the amount which ought to be paid, and estimating the revenues at \$9,800,000, he proposed that the departments should live from the balance, \$2,600,000. If this could be done, he was willing to part with the internal revenues, which yielded \$650,000; but not otherwise. “This,” as Adams says, “seems to have been beyond his power. Few finance ministers have ever pressed their economies with more perseverance or authority than Mr. Gallatin, but he never succeeded in carrying on the Government with so much frugality as this; and the sketch seems to indicate what the administration would have liked to do, rather than what it did.” For, in his report made a month later, he was obliged to modify his plan thus:—

REVENUE.		EXPENDITURE.	
Imports.....	\$9,500,000	Interest, etc.....	\$7,100,000
Lands, postage....	450,000	Civil expenditures...	980,000
Internal revenues..	650,000	Military expenditures.	1,420,000
		Naval expenditures..	1,100,000
Total.....	\$10,600,000	Total.....	\$10,600,000

Yet the internal taxes were abolished very early during Jefferson's administration, while Congress also adopted Gallatin's plan for the discharge of the public debt. How, then, were these ends effected? Under the pressure of party necessity, both the Secretary of War and of the Navy lowered their estimates to a point at which Gallatin consented to let the internal taxes go. He never officially recommended their repeal; but the Committee of Ways and Means did, having been assured by the Secretary of War and of the Navy that a reduction of \$600,000 would be made in the expenditure of their departments. The retrenchment, though promised, was never effected. Gallatin, however, had the good fortune to collect enough more revenue than he expected to supply the difference. Had not this event happened, there would have been a balance that year against the Government. Gallatin was not to be thus favored very long. A war broke out with Tripoli and further retrenchment in the Navy Department was impossible.

It soon became evident, that, even with larger duties from imports, the expenses of the war could not be met without recovering the income sacrificed by the repeal of the internal taxes in 1802. Accordingly, an addition of two and a-half per cent. was imposed on all imported articles paying an *ad valorem* duty. What had been done, therefore, was simply a shifting of the mode of collection; or, in other words, instead of raising a million dollars from whiskey, stamps, etc., this sum was raised on articles of foreign produce or manufacture. The extra tax was called the "Mediterranean Fund," and was supposed to be a temporary resource for the Tripolitan war.

Although Jefferson was never slow in words in advocating economy, his course was singularly inconsistent with his professions. In his message the next year was a recommendation for dry docks at Washington. He had shown his message, before delivering it, to Gallatin for criticism, who remarked concerning that feature of it, "I am *in toto* against this recommendation, 1st, because so long as the Mediterranean war lasts we will not have any money to spare for the navy; and, 2d, because if dry docks are necessary, so long as we have six navy yards, it seems to me that a general recommendation would be sufficient, leaving the Legislature free either to designate the place, or to trust the Executive with the selection." Sound advice, surely, but not heeded, in spite of the prediction of Gallatin, who told the President that his recommendation would not command thirty votes in Congress, the truth of which prophecy Jefferson in due time learned.

During the first five years of Gallatin's administration of the finances, he was strongly opposed to the creation of a navy. His thoughts centred deepest in paying the National debt; but it was redeemed so rapidly, that, in 1805, he wrote to Jefferson that after

the year 1809 there would be \$3,500,000 of the annual sinking fund available for other purposes. In the meantime there would probably be a surplus of \$2,000,000, a large portion of which he thought might be wisely employed in building a navy. As he had a clear idea of the incapacity of the Secretary of the Navy, Robert Smith, to expend the money economically, he urged putting it into the hands of commissioners. No money, however, was then appropriated for that purpose; though, had the Secretary of the Navy been an abler and better man, very likely the ideas of Gallatin would have hardened into legislation.

Thus far Gallatin's administration had been successful. His report at the close of 1805 showed that the revenue had risen to \$12,672,000; which, with the income of the Mediterranean Fund and of the land sales, carried the receipts of the Government nearly to \$14,000,000. The surplus in the Treasury, after meeting all the regular expenditures, navy deficiencies, and French claims, would still probably exceed \$1,000,000. The debt was reduced so far, that, in four years longer, the entire sum redeemable solely by the determination of the Government would be discharged. The rest could be redeemed only by purchase, or by waiting until the law permitted its redemption. "Should circumstances render it eligible," says Gallatin "a considerable portion of the revenue now appropriated for the payment of the debt may then, in conformity with existing provisions, be applied to other objects."

The following year was a still more prosperous one. The regular revenue exceeded \$13,000,000; other receipts swelled the amount \$1,500,000 more; \$2,000,000, which had been appropriated for the purchase of Florida, had been supplied from the surplus, and sent abroad; the Tripolitan war was over; a surplus of \$4,000,000 was left in the Treasury; and only three years remained, when some disposition must be made of the excess of revenue. With such a rich prospect lying before him, the pleasing inquiry arose, Should the taxes be reduced, or should the revenues be applied in new ways, and, if so, in what ones? Jefferson and Gallatin both believed, that, while it might be desirable to lessen the taxes in some directions, the nation would gain far more by continuing the system without any large reduction, and applying the surplus, not needed for the regular expenditures and the payment of the public debt, in making internal improvements, and in founding a National university. The report of the commissioners who had been appointed to lay out the Cumberland road, extending from the Potomac to the Ohio, was laid before Congress in 1807. A month later the coast survey was organized. Shortly afterward the Secretary of the Treasury was directed to prepare and report to the Senate a general scheme of internal improvement.

Gallatin had as strong a passion for organization as Hamilton

He was, indeed, a financial genius of the highest order; and, though very exact in every detail, he also took a lofty and wide range of things. His report shows how thoroughly he had mastered a great theme.

The expense of his scheme of internal improvements he estimated at \$20,000,000. He proposed to appropriate \$2,000,000 a year until they were finished. The report embraced a series of roads and canals connecting various parts of the country; and, by selling the stock created for building them, Gallatin counted on the fund becoming a permanent resource for further improvements. He was prevented from realizing more than two features of his plan. One was the establishment of the land system; and the other, the Cumberland road. As early as 1796 he had framed an Act for establishing a land system. It applied, however, only to the lands lying north-west of the Ohio River, in which the Indian titles had been extinguished; and it provided for laying these out in townships six miles square, and for selling the land in sections, under certain reservations. When he became Secretary of the Treasury the system was fully developed; for he always retained his interest in this peculiar property of the Government.

At this time Jefferson launched his famous gunboat scheme. He sent a special message to Congress respecting it in the winter of 1806-7, recommending the Government to build two hundred of them. Robert Smith, the Secretary of the Navy, was as hearty a supporter of this foolish scheme as Jefferson himself. Gallatin thought differently. He was "clearly of opinion" that the seventy-three in course of construction were more than enough. "Of all the species of force which war may require,—armies, ships-of-war, fortifications, and gunboats,—there is none which can be obtained in a shorter notice than gunboats, and none, therefore, that it is less necessary to provide beforehand." No argument that Gallatin could urge moved Jefferson. Two years later, Paul Hamilton, who was then Secretary of the Navy, reported that a hundred and seventy-six had been built, though only twenty-four were in actual service. The aggregate expense to that date had been \$1,700,000, or about \$725,000 a year. In 1807 the entire naval expenditure was \$1,722,000, which increased the next year to \$1,900,000. How different were these figures from the \$650,000, fixed at the beginning of Jefferson's administration as the total annual expense for maintaining the Navy Department! "Had all this expenditure improved the National defences, the waste of money would have seemed less outrageous, even to Mr. Gallatin, who was its chief victim; but, as most naval officers expected, the gunboats were in some respects positively mischievous, in others of very little use, and they were easily destroyed by the enemy whenever found. At the end of the war of 1812, such of them as were not already captured, burned, wrecked, or decayed, were quietly broken up or sold."

The commercial growth of America had been so great that England resolved to crush it. Canning was Prime Minister. The administration woke up to the realization of England's new policy when the news came that the "Chesapeake" had been captured by the British ship-of-war "Leopard." The first measure of defence was an embargo. Adams truly says that Jefferson, and most of the leaders of his party, had a strong faith in the efficacy of commercial regulations. They believed, that, as the commerce of America was valuable to England and France, therefore these countries might be forced to do our will by depriving them of our commerce. They were right in the end; but unhappily England did not find out where her true interest lay until after a five-years' experiment and a costly war. But Gallatin had no faith in the efficacy of an embargo to restrain belligerent powers; and, in due time his prophecy proved true.

If war must come, loans would be necessary; and the embargo would produce a situation most favorable for getting them. All that the Treasury required, so Gallatin thought, beside economy, was to double the import duties, to limit the system of granting drawbacks on importations afterward exported, either to repeal or to complete the partial non-intercourse law, and to reform the system of accountability in the Army and Navy Departments.

The navy had not been economically managed since Jefferson assumed office. The same person administered its affairs (Robert Smith), who had spent a great deal of money, but had only a very little to show for his expenditures. Finally, it now appeared that he had bought bills of exchange to the amount of \$250,000, within two years, of his brother, Gen. Smith, who was then a member of the Senate from Maryland; and from his connections, and on the face of the accounts, it appeared that these were, to some extent, accommodation bills: in other words, that the Government money had been left by collusion in the possession of Gen. Smith's firm until they could conveniently remit it to its destination. When this proceeding became known, one effect was to estrange very completely a group in the Senate who belonged to Gallatin's party, and whose influence was indispensable to his maintaining control over the proceedings of that body.

His report for 1809 announced a deficit. This was a part of the price of the embargo. For the next year he declared that a loan of \$4,000,000 would be required, if the military and naval expenditures should be as large as those of the previous year. If Congress should resolve on a permanent increase in the military and naval establishments, additional duties would be required; if not, a continuation of the Mediterranean Fund would be sufficient.

The country was rapidly nearing the point of war; yet the cost of waging it was a highly important matter, which Congress,

nevertheless, shrank from considering. Under the operation of the embargo, the revenues were rapidly diminishing, while the expenses were far more rapidly swelling. Neither the President nor Gallatin recommended war, but they were desirous of providing for it; and the Secretary recommended increased taxes, and a loan of \$ 1,200,000 to pay troops, and to support them. When war was really imminent the Committee of Ways and Means requested Gallatin to appear before them to discuss the question of war taxes. He appeared, and, after declaring that he did not feel himself particularly responsible for the position occupied by the nation, he added, that it could not recede therefrom with honor and safety, and that it must maintain that position with all the available means which could be brought to bear on the enemy, and that a system of increased taxation, which he fully set forth, ought to be immediately put into operation.

These declarations fell like an unexpected thunderbolt on Congress. The clouds, had, indeed, long been gathering; but Congress would not look up and see them. Now, when the very bolt of Jove had descended, Congress could no longer ignore the perils of the situation. They had been willing to authorize loans; but they had resolutely turned their faces away from Gallatin's recommendations to increase the taxes, notwithstanding his repeated warnings and urgent requests.

A letter afterward written to the chairman of the Committee of Ways and Means intensified and widened opposition to him, which had been increasing, even in the face of approaching war. It was a sad and humiliating spectacle to behold Gallatin strenuously exerting all his great energies to prepare his country for the coming struggle, and this cabal madly trying to overthrow him and all his works, no matter how manifest was their wisdom, or great their necessity. Their conduct truly resembled that of the Jesuits after the terrific earthquake at Lisbon, who were not less remitting in their intrigues against Carvalho, although he were engaged in the august work of burying the dead, and rescuing the living. During the earlier years of Gallatin's administration of the Treasury, he had exercised an extraordinary power over his party in Congress, and also over Jefferson. This was due mainly to the fact that he was almost the only one who knew anything about the National finances. Jefferson had at all times trusted his faithful and able Secretary. He had clung to him as his sheet-anchor, although not always in favor of the Secretary's economies, especially in the Navy Department. Yet Jefferson would often yield to the superior reasoning of Gallatin, as we have shown.

While Gallatin was far more capable of administering the duties of his office than any other member of his party, it was easy to see, that, possessing such strict notions of economy and honesty, he

would eventually create a very rank hostility to himself. At last it had become so great as to paralyze his influence. Yet when he abdicated, and went abroad to negotiate a treaty, he was never more sorely needed in the Treasury Department. Still it was useless for him to remain. Hostility toward him had become so strong, that he could remain no longer with credit to himself, and profit to his country.

He did not resign his office, but went abroad retaining it, as Jay did the Chief-Justiceship of the United States Supreme Court while negotiating a treaty with Great Britain. But Gallatin's enemies refused to confirm his nomination for the new post unless he resigned the other; and so at last his resignation was sent. The faction opposed to him in his own party had finally triumphed. They had succeeded in getting him out of the Treasury; but their effort to break him down had proved very costly to the Nation. The financial legislation of Congress, during the dreary and inglorious period of the war, is clearly explicable, when viewed chiefly as an unpatriotic effort to destroy the influence of the most competent financier then living. The faction which accomplished this fell purpose by no means constituted a majority of the controlling party; but they were active and unscrupulous. The President feared them: consequently they possessed a tremendous power, which they wielded primarily to destroy Gallatin, even if in so doing they imperiled the country itself.

---

## THE FUNDED DEBT OF THE UNITED STATES.

We give, as usual, a considerable portion of the report of the Comptroller of the Currency, which has a special interest to our readers. The topics discussed by him are of much importance to all who are concerned in banking operations.

The most important operations of the Secretary of the Treasury during the years which followed the close of the war, were the funding of large amounts of temporary obligations then outstanding of the Government chiefly into six-per-cent. bonds.

The six-per-cent. bonds were gradually reduced during the year 1869, and the seven years following, by payment and refunding, into five per cents. The six per cents., together with the five per cents. were subsequently rapidly replaced by four and a-half and four per cents., which were authorized to be issued by the Act of July 14th, 1870. In the year 1881, all of the unredeemed five and six per cent. bonds amounting to \$579,560,050, were continued, payable at the pleasure of the Government, with interest at three and one-half per cent. by agreement with the holders, and since that time \$164,833,200 of these three-and-one-half-per-cent. bonds



have been paid, and during the present year \$259,370,500 have been replaced by three per cents. under the Act of June 12, 1882.

The following table exhibits the classification of the unmatured interest-bearing bonded debt of the United States on August 31st, 1865, when the public debt reached its maximum, and on the first day of July of each year thereafter, together with the amount outstanding on November 1 of the present year.

Date.	6-per-cent. bonds. \$	5-per-cent. bonds. \$	4½-per-cent. bonds. \$	4-per-cent. bonds. \$	Total. \$
Aug. 31, 1865.	908,518,091	199,792,100	.	.	1,108,310,191
July 1, 1866.	1,008,388,469	198,528,435	.	.	1,206,916,904
July 1, 1867.	1,421,110,719	198,533,435	.	.	1,619,644,154
July 1, 1868.	1,841,521,800	221,588,400	.	.	2,063,110,200
July 1, 1869.	1,886,341,300	221,589,300	.	.	2,107,930,600
July 1, 1870.	1,764,932,300	221,589,300	.	.	1,986,521,600
July 1, 1871.	1,613,897,300	274,236,450	.	.	1,888,133,750
July 1, 1872.	1,374,883,800	414,567,300	.	.	1,789,451,100
July 1, 1873.	1,281,238,650	414,567,300	.	.	1,695,805,950
July 1, 1874.	1,213,624,700	510,628,050	.	.	1,724,252,750
July 1, 1875.	1,100,865,550	607,132,750	.	.	1,707,998,300
July 1, 1876.	984,999,650	711,685,800	.	.	1,696,685,450
July 1, 1877.	854,621,850	703,266,650	140,000,000	.	1,697,888,500
July 1, 1878.	738,619,000	703,266,650	240,000,000	98,850,000	1,780,735,650
July 1, 1879.	310,932,500	646,965,500	250,000,000	679,878,110	1,887,716,110
July 1, 1880.	235,780,400	484,864,900	250,000,000	739,347,800	1,709,993,100
July 1, 1881.	196,378,600	439,841,350	250,000,000	739,347,800	1,625,567,750
	<i>Continued at 3½ per cent.</i>	<i>Cont'd at 3½ per cent.</i>			
July 1, 1882.	58,957,150	401,503,900	250,000,000	739,349,350	1,449,810,400
		155,356,350			
Nov. 1, 1882.	<i>3 per cents.</i> 13,231,650	<i>3 per cents.</i> 246,138,850	250,000,000	739,353,350	1,404,080,200

The operations of the Treasury Department for a series of years, have largely reduced the amount of interest receivable by the National banks on the bonds held by them. During the present year, ending November 1, the three and one-half per cents. have been reduced more than two hundred millions (\$200,769,200), and \$179,685,550 of three per cents. have been deposited in place thereof.

Sixteen years ago the banks had on deposit as security, for circulation, 327 millions in United States bonds, of which amount, 241 millions bore interest at six per cent. and eighty-six millions at five per cent. These bonds have now entirely disappeared from the list of securities held by the National banks. The average rate of interest now paid by the United States on the bonds deposited as security for circulating notes, is about 3.5 per cent. upon their par value; but is equal to about 3.26 per cent. only of the current market value of the bonds. The banks now hold thirty-three millions of four and one-halves; nearly 105 millions of fours; forty millions of three and one-half per cents., converted from five and six per cents, and 179 millions of three per cents., which have been refunded from three and one-half per cents. during the present year. This will be seen from the following table, which exhibits the amount and classes of United States bonds, owned by the banks, including those pledged as security for circulation, and for public deposits on the first day of July in each year since 1865, and upon November 1 of the present year.

\*The Navy pension fund, amounting to \$14,000,000 in three per cents., the interest upon which is applied to the payment of naval pensions exclusively, is not included in the table.

Date.	United States bonds held as security for circulation.					U. S. bonds held for other purposes at nearest date.	Grand total.
	6-per-cent. bonds.	5-per-cent. bonds.	4½-per-cent. bonds.	4-per-cent. bonds.	Total.		
	\$	\$			\$	\$	\$
July 1, 1865	170,382,500	65,576,600			235,959,100	155,785,750	391,744,850
July 1, 1866	241,083,500	86,226,850			327,310,350	121,152,950	448,463,300
July 1, 1867	251,430,400	89,177,100			340,607,500	84,002,650	424,610,150
July 1, 1868	259,726,950	90,768,950			341,495,900	80,922,500	422,418,400
July 1, 1869	255,190,350	87,661,250			342,851,600	55,102,000	397,953,600
July 1, 1870	247,355,350	94,923,200			342,278,550	43,980,600	386,259,150
July 1, 1871	220,497,750	139,387,800			359,885,550	39,450,800	399,336,350
July 1, 1872	173,251,450	207,189,250			380,440,700	31,868,200	412,308,900
July 1, 1873	160,923,500	229,387,050			390,410,550	25,724,400	416,134,950
July 1, 1874	154,379,700	236,800,500			391,171,200	25,347,100	416,518,300
July 1, 1875	136,955,100	239,359,400			376,314,500	26,900,200	403,214,700
July 1, 1876	109,313,450	232,081,300	\$		341,394,750	45,179,300	386,565,050
July 1, 1877	87,690,300	206,651,050	44,372,250	\$	338,713,600	47,315,050	386,028,650
July 1, 1878	82,421,200	199,514,550	48,448,650	19,162,000	349,546,400	68,850,900	418,397,300
July 1, 1879	56,043,800	144,616,300	35,056,550	118,538,950	354,254,600	76,603,520	430,858,120
July 1, 1880	58,056,150	139,758,650	37,760,950	126,076,300	361,652,050	42,831,300	404,483,350
July 1, 1881	61,901,800	172,348,350	32,600,500	93,637,700	360,488,400	63,849,950	424,338,350
	Continued at 3½ per cent.	Continued at 3½ per cent.					
July 1, 1882	25,142,600	202,487,650	32,752,650	97,429,800	357,812,700	43,122,550	400,935,250
	2,201,200	38,505,750					
Nov. 1, 1882	3 per cents	3 per cents.	33,754,650	104,917,500	358,964,650	37,563,750	396,528,400
	7,788,100	171,897,450					

The banks also held \$3,526,000 of Pacific Railroad six per cents and \$15,000 of five per cents., upon which interest has ceased.

## DISTRIBUTION OF COIN AND PAPER CURRENCY.

In the reports of the Comptroller for the three years preceding 1882, tables have been given showing the amount of coin and currency, and its distribution in the Treasury, in the banks and in the hands of the people on January 1, 1879, the date of the resumption of specie payments, and on November 1 of that and each succeeding year. These tables are again presented, the amounts on November 1, 1882, having been added.

From November 1, 1881, to November 1, 1882, the production of gold by the mines of the United States is estimated at \$43,359,021, and the amount of gold exported from the country, in excess of the amount imported, has been \$36,122,536. The difference, \$7,236,485, is the increase in the total stock of gold during the year. The Director of the Mint estimates that \$2,700,000 of this amount has been used in the arts, leaving \$4,536,485 as the increase in the stock of gold remaining in the country and available for circulation. The total excess of imports of gold over exports, from the date of resumption to November 1, 1882, has been \$161,311,578, and the total gold product of the mines of the United States for the same period, is estimated to have been \$147,509,021. This is the first year since 1879 during which the exportation of gold has exceeded the importation. During the last two months (September and October, 1882), the imports have, however, slightly exceeded the exports.

The amount of standard silver dollars coined during the year has been \$27,657,175, and the total amount coined up to November 1, 1882, since the passage of the law of February 28, 1878, authorizing their coinage, has been \$128,329,880.

The following table shows the amount of coin and currency in the country on January 1, 1879, and on November 1, of the years 1879, 1880, 1881 and 1882:

	Jan. 1, 1879.	Nov. 1, 1879.	Nov. 1, 1880.	Nov. 1, 1881.	Nov. 1, 1882.
	\$	\$	\$	\$	\$
Gold coin*.....	278,310,126	355,681,532	453,882,692	562,568,971	567,105,456
Silver coin*.....	106,573,803	126,009,537	158,320,911	186,037,305	212,324,335
Legal-tender notes.....	346,681,016	346,681,016	346,681,016	346,681,016	346,681,016
National-bank notes.....	323,791,674	337,181,418	343,834,107	360,344,250	362,727,747
Totals.....	1,055,356,619	1,165,553,503	1,302,718,726	1,455,631,602	1,488,838,554

\* Estimate of Director of Mint which includes bullion in process of coinage.

There has been no change in the aggregate of legal-tender notes outstanding, which remains as fixed by the Act of May 31, 1878. National-bank notes have increased \$2,383,497 during the year: the amounts of gold and silver coin have increased \$4,536,485 and \$26,280,970, respectively, making a total increase in coin and currency of \$33,206,952.

The table below gives the portion of coin and currency held by the United States Treasury, and by the National and State banks. The amounts in the Treasury are for the same dates as in the preceding table, and those in the National banks are for the dates of the bank returns nearest thereto, viz.: January 1, and October 2, 1879, October 1, 1880 and 1881, and October 3, 1882. The amounts in the State banks, trust companies and Savings banks, have been compiled in this office from official reports for the nearest obtainable dates.

	Jan. 1, 1879.	Nov. 1, 1879.	Nov. 1, 1880.	Nov. 1, 1881.	Nov. 1, 1882.
<b>GOLD.</b>	\$	\$	\$	\$	\$
In the Treasury, less certificates.....	112,793,342	156,907,986	133,679,349	167,781,909	148,435,473
In Nat. banks, including certificates..	35,039,201	37,187,238	102,851,032	107,222,169	94,127,324
In State banks, including certificates..	10,937,812	12,171,292	17,102,130	19,901,491	17,892,500
Total gold.....	158,680,355	206,266,516	253,632,511	294,905,569	260,455,297
<b>SILVER.</b>					
In the Treasury, standard silver dols..	17,249,740	32,115,073	47,156,588	66,576,378	92,414,977
In the Treasury, bullion.....	9,121,417	3,824,931	6,185,000	3,424,575	4,012,503
In the Treasury, fractional coin.....	6,048,194	17,854,327	24,035,561	25,984,687	26,749,482
In National banks.....	6,460,557	4,986,492	6,495,477	7,112,567	8,234,739
Total silver.....	38,879,908	58,780,823	84,472,626	103,098,207	131,417,651
<b>CURRENCY.</b>					
In the Treasury, less certificates.....	44,425,655	21,711,376	18,221,826	22,774,830	26,224,248
In Nat. banks, including certificates..	126,491,720	118,546,369	86,439,925	77,630,917	92,549,767
In State banks, including certificates..	25,944,485	25,555,280	25,828,794	27,391,317	27,086,482
In Savings banks.....	14,513,779	15,880,921	17,073,680	11,782,243	14,724,978
Total currency.....	211,375,639	181,693,946	147,563,225	139,579,307	160,580,475
Grand totals.....	408,935,902	446,741,285	485,668,362	537,583,083	552,453,423

If the amounts of gold and silver coin and of currency in the above table—that is, the amounts of these items in the Treasury

and the banks—be deducted in each case from the amounts of gold and silver coin and currency in the country, as shown in the first table, the remainder will be, approximately, the amounts which are in the hands of the people, as follows:

	Jan. 1, 1879.	Nov. 1, 1879.	Nov. 1, 1880.	Nov. 1, 1881.	Nov. 1, 1882.
	\$	\$	\$	\$	\$
Gold .....	119,629,771	149,415,016	200,250,181	267,663,402	306,650,159
Silver .....	67,693,895	67,228,713	73,848,285	82,939,158	80,906,684
Currency .....	459,097,051	502,168,488	542,951,898	567,445,959	548,828,288
Totals .....	646,420,717	718,812,218	817,050,364	918,048,519	936,385,131

The gold in the Treasury, including bullion in the process of coinage, has decreased during the year \$19,346,436, and in the banks \$15,103,846. The paper currency in the Treasury has increased \$3,449,418, and in the banks \$17,557,650. The increase of gold outside of the Treasury and the banks has been \$38,986,757, and the decrease of paper currency, exclusive of silver certificates, \$18,617,671. In the foregoing tables, the silver certificates issued by the Treasury have not been included, but the standard silver dollars held for their redemption on presentation form a portion of the silver coin in the Treasury. The silver certificates in the hands of the people and the banks, at dates corresponding with those given in the preceding tables, were as follows:

Jan. 1, 1879.	Nov. 1, 1879.	Nov. 1, 1880.	Nov. 1, 1881.	Nov. 1, 1882.
\$413,360 ..	\$1,604,370 ..	\$19,780,240 ..	\$58,838,770 ..	\$65,620,450

It will be seen that the amount of these certificates in circulation has increased only \$6,781,680 during the past year, and if this whole increase were held outside of the banks, it would not offset the decrease of \$18,617,671 in other forms of paper currency in the hands of the people.

As before stated, the total amount of standard silver dollars coined up to November 1, 1882, has been \$128,329,880, of which, as shown in one of the foregoing tables, \$92,414,977 was then in the Treasury, although an amount equal to \$65,620,450 was represented by certificates in the hands of the people and the banks, leaving \$26,794,527 belonging to the Treasury. Of the \$128,329,880 coined, \$35,914,903 were, therefore, circulating outside of the Treasury in the form of coin, and \$65,620,450 in the form of certificates. The remainder of the silver \$83,994,455 consisted of subsidiary coin, trade dollars and bullion, of which \$30,761,935 was in the Treasury, and \$53,232,520 was in use in place of the paper fractional currency for which it was substituted, as against \$55,955,398 similarly employed on November 1, 1881. The increase of gold and silver coin and paper currency, outside of the Treasury, since the date of resumption is thus estimated to have been \$289,964,414, and the increase during the year ending November 1, 1882, \$18,336,612; or if the amount of silver certificates in circulation be added, the total increase in the circulating medium since resumption would be \$355,172,504, and during the past year \$25,118,292.

The following table shows for October 1, 1881, and 1882, the gold coin, silver coin and paper currency, and the different kinds of each held respectively by the Treasury, by the National banks and by the State banks. The gold and silver coin, and the legal-tender notes given in this table, as held by the Treasury, is ex-

clusive of gold or silver coin, or legal-tender notes held to redeem gold, silver or legal-tender certificates, as these certificates appear, each class in its appropriate place, under the head of paper currency:

	October 1, 1881.	October 1, 1882
<b>COLD COIN AND BULLION:</b>		
In the Treasury.....	\$ 169,122,025 ..	\$ 147,831,666
In National banks.....	102,000,369 ..	89,533,025
In State banks.....	19,901,491 ..	17,892,400
Total gold.....	\$ 291,023,885	\$ 255,257,091
<b>SILVER COIN AND BULLION:</b>		
In Treasury, standard dollars.....	\$ 13,502,487 ..	\$ 29,023,869
In " bullion.....	2,632,184 ..	3,343,505
In " fractional coin.....	26,313,113 ..	27,426,140
In National banks.....	5,459,387 ..	6,425,060
Total silver.....	\$ 47,898,171 ..	\$ 66,218,634
<b>* PAPER MONEY:</b>		
In Treasury, U. S. notes.....	\$ 19,025,132 ..	\$ 21,408,158
In " National-bank notes.....	4,551,399 ..	6,828,786
In National banks, certificates for U. S. notes.....	6,740,000 ..	8,675,000
In " " legal-tender notes.....	53,158,441 ..	63,221,077
In " " gold certificates.....	5,221,800 ..	4,594,300
In " " silver certificates.....	1,662,180 ..	1,809,680
In " " National-bank notes.....	17,732,712 ..	20,653,600
In State banks, all kinds, not sorted.....	27,391,317 ..	27,086,482
In Savings banks, all kinds, nor sorted.....	11,782,243 ..	14,724,978
Total paper.....	\$ 147,265,224	\$ 169,002,151
Total gold, silver and paper.....	\$ 486,187,280	\$ 490,477,876

\* The certificates issued for gold coin and for United States notes at this date were chiefly in denominations of \$5000 and \$10,000, and were mostly held by the banks in the City of New York as Clearing-House certificates.

## THE BANKING SYSTEM OF THE UNITED STATES.

On another page, tables similar to those which have been given in the three preceding annual reports are published, exhibiting the amounts of gold and silver coin and paper currency which were in the Treasury, in the banks, and in the hands of the people at the time of the resumption of specie payments, and on the first of November of each year since that date.

The total amount of the circulating medium of the country on November 1, is given as follows:

Treasury notes outstanding, \$346,681,016; National-bank notes outstanding, \$362,727,747; gold in the Treasury, less certificates held by the banks, \$148,435,473; standard silver dollars in the Treasury, \$92,414,977; subsidiary silver coin and silver bullion in the Treasury, \$30,761,985; coin in the National banks, \$102,362,063; coin in State and Savings banks, \$17,892,500; estimated amount of coin held by the people, \$387,562,793; total, \$1,488,838,554.

The estimated total currency of the country on November 1 thus appears to have been more than fourteen hundred and eighty-eight

millions, which is four hundred and thirty-three millions in excess of the amount held on January 1, 1879, and one hundred and eighty-six millions in excess of the amount held two years ago—on November 1, 1880. The gain in gold coin since the resumption of specie payments alone has been two hundred and eighty-eight millions, and in gold and silver coin three hundred and ninety-four millions. The increase in National-bank notes has been nearly thirty-nine millions.

No change has been made in the amount of legal-tender notes outstanding. It remains at \$346,681,016, which was the amount outstanding at the date of the passage of the Act of May 31, 1878, which prohibited any further reduction of the volume of these notes.

These notes were issued at a time when the expenditures of the Government were in excess of its revenue. Its receipts now so largely exceed its expenditures that more than one hundred and forty-eight millions of the public debt was paid during the past year. The only reason that can exist for the increase of these issues would be to substitute them for other forms of public debt, and the only method by which they can now be disbursed is in payment of United States bonds at a time when the bonds are being paid from the surplus revenue at a rate unprecedented in the history of nations.

It is evident that whatever difference of opinion may have heretofore existed upon the subject, so long as the revenue shall continue to supply more money than is needed for expenditures, no sufficient reason can exist for the authorization by Congress of an increase of these notes.

The Act of January 14, 1875, required the Secretary of the Treasury on and after January 1, 1879, to redeem in coin these notes, on their presentation at the office of the Assistant Treasurer in the City of New York, in sums of not less than fifty dollars. In order that he may always be prepared to do this, he was authorized to use any surplus revenue "from time to time, in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par, in coin," any of the five, four-and-a-half, and four-per-cent. bonds authorized by the Act of July 14, 1870. This Act is still in force, and gives the Secretary unlimited power with which to provide for the redemption in coin of the legal-tender notes. He is thus enabled, so long as the credit of the Government continues good, to check, by the sale of United States bonds, any exportation of coin which might endanger the redemption of United States legal-tender notes.

The same causes which have operated to bring about a rapid reduction of the public debt have also tended to increase the circulating medium. The large imports of coin, in excess of exports, together with the products of the mines, have filled the channels of circulation. The circulation during the past year has undoubtedly been much larger than at any period since the organization of the Government. The per capita of circulation is larger, and it is probable that its proportion to wealth is greater than at any previous time. It is undoubtedly large enough to supply the legitimate demands of business.

The Act of July 12, 1882, has again inaugurated the policy of issuing gold certificates. These substitutes for coin are hereafter to be issued against deposits of coin in the Treasury, and, together with certificates for silver deposited in like manner, are authorized

to be included in the reserves of the banks, and to be used as Clearing-house certificates in the cities where Clearing-houses are established. They will not increase the amount of the currency in the country, but, by saving the cost of transporting specie from one point to another, will render the stock of specie more available for use by the banks and the people.

The Comptroller, in his report for 1881, in elaborate tables giving the receipts of banks upon two different days, showed that the proportion of money required for the transaction of business throughout the whole country was about five per cent. of the total receipts, the remaining ninety-five per cent. being in checks and drafts. There has been during the current year an increase of 171 in the number of National banks in operation, and during the three preceding years the increase was 314. During the current year 382 additional State banks and private bankers have commenced business. The rapid increase in these places of deposit brings into use a larger number of the small checks of depositors, and largely diminishes the use of the circulating medium. These depositories, and the amount of capital employed in banking, notwithstanding the excessive taxation imposed upon this business, nearly keep pace with the advance in the population and wealth of the country; but the increase in the receipts and payment of banks and bankers, made by checks and drafts, shows the absurdity of the theory that the money required for business purposes should bear a fixed proportion to the population or to the wealth of the country.

There is little doubt that the addition to the coin of the country, since the resumption of specie payments, has been in advance of the enlarged demands of business. There has been no complaint of scarcity of money which cannot probably be traced to those engaged in speculative business, and however great the aggregate of the circulating medium may become, complaints of scarcity will always be heard from those who desire a rise in prices.

No other nation economizes the use of its circulating medium as does this, and it is probable that but a slight annual increase in the amount of National-bank notes outstanding will hereafter be required, provided that the exports of coin are not greatly in excess of imports, and the receipts from our increasing revenue, in excess of the requisite reserve, are kept in circulation and not hoarded in the Treasury.

The interest-bearing bonded debt of the United States has been rapidly reduced since 1869, at which time the funding of the miscellaneous obligations of the Government had been successfully accomplished. The reduction of this debt during the twelve years ending June 30, 1881, has been more than six hundred and forty-eight millions (\$648,403,668) and the amount of interest paid more than one thousand two hundred and seventy millions (\$1,270,596,784); the average annual payment of the principal being \$54,033,639, and of interest, \$105,883,065.

The annual average reduction in the interest-bearing debt during the last three years, ending November 1, has been \$126,295,816. The reduction during the past year was \$148,648,550.

The successful refunding of the five and six per cents., as they matured, at first into four and four and one-half per cents. and subsequently into three and one-half per cents., and during the last year into three per cents., together with the rapid reduction

of the debt, has had the effect of renewing the discussion as to the permanency of the National-banking system, and its ability under existing laws to supply the additional circulation which may be hereafter annually required. The banks hold forty millions of three and one-half per cents., and nearly 180 millions of three per cents. as security for their circulation. If the debt should hereafter continue to be reduced at the same rate as during the last year, all of these bonds will be called for payment in less than three years, and it will be necessary for the banks holding such called bonds either to deposit lawful money for the purpose of retiring two hundred millions of their circulation, or to purchase four or four and one-half per cents., or Pacific Railway six per cents., which are now at a high premium in the market.

Many plans have been suggested for the purpose of supplying the deficiency in bank circulation, which it is probable will arise as these bonds are paid.

The systems of banking in operation previous to the establishment of the National-banking system, and particularly what are known as the "charter" and "safety-fund" systems, have been brought forward for discussion, and opinions have been expressed that under the general restrictions of the National-banking system, or with increased limitations, it would be advisable for Congress to authorize the issue of circulating notes based upon the capital, the assets, and the individual liability of stockholders, without requiring as heretofore, the actual deposit of securities in the Treasury for such issues. It has been suggested if the circulation issued be considerably less than the actual capital paid up, and if the bill holder be entitled to a first lien upon all the assets of the bank, and to the amount which may be collected upon the individual liability of the shareholder, that the people would be abundantly secure from any loss upon the circulation so issued by the banks. As supplementary to this proposition, it has also been suggested that the banks be required to hold not less than the minimum amount of bonds now provided by law, which is estimated not to exceed 100 millions of dollars, and that in addition they be required to deposit ten per cent. upon their capital in coin with the Treasurer as a safety fund, and that they shall continue to receive each other's notes in payment of obligations due them. It is not probable that the stockholders of those banks which do not desire to issue circulation would be willing to continue business upon the condition that they should contribute so large an amount to a fund intended to insure the public against the issues of fraudulent or badly-managed institutions. It is suggested, however, that the proposition would be improved if banks desiring to issue circulation be required to contribute to such a fund a percentage upon the circulation issued, instead of a percentage upon capital.

If this fund, amounting to, say, thirty millions, be held in United States three-per-cent. bonds instead of in coin, and the losses from the circulation of insolvent banks be small, the interest, in the course of a few years, if retained as proposed, would amount to a considerable sum.

The large fund on deposit in the Treasury for the purpose of redeeming the notes of National banks now amounts to more than thirty-eight millions. If it should be thought expedient to invest a considerable portion of this fund in three per cents., thus releasing it from the Treasury, the income might also be added to the safety fund.



The gain resulting from the failure on the part of the public to present for redemption National-bank notes which are being retired by an Act of the present Congress accrues to the benefit of the Government, and it is estimated will amount to not less than from three to five millions during each twenty years. This gain might also properly be included in the proposed safety fund, and in the course of a few years these funds, by reinvestment, would increase to so large an amount that the securities required to be deposited by the banks could be largely diminished.

The foregoing propositions have no precedents in any form of legislation heretofore known in this country. Circulation authorized upon similar plans has heretofore been issued to banks which have been specially chartered, and not to banks organized under a general law.

Nearly every State in the Union has had its experience in authorizing the issue of bank notes, based exclusively upon the capital and assets of the banks issuing the same; and many States have required the accumulation of a safety fund for the protection of the public from unsecured and uncurrent bank notes. In most cases circulation was authorized to be issued by such banks equal to the capital; sometimes the amount issued was less, sometimes it largely exceeded the capital.

The Suffolk system in the New England States, which was perhaps as good a system as could be desired to protect a bank circulation not secured by bonds, by a prompt and vigorous redemption of the notes, kept them in a healthy state, but the losses upon bank circulation, even in the New England States, up to the time of the organization of the National-banking system, were annually by no means inconsiderable. Notwithstanding the restrictions then existing, banks of circulation were organized with but little capital paid in, and notes, either worthless or irredeemable, were placed in circulation at points remote from the places of issue. In New York under the safety-fund system, and previous thereto, losses to the bill holders frequently occurred, and in other States, almost without exception, such losses were large, and have usually been estimated to have been, in the aggregate, not less than five per cent. annually of the whole amount outstanding.

It is true that there are in England, Ireland, and Scotland 119 private and joint-stock banks, with many branches, which are authorized to issue circulation based upon their capital, but their authorized circulation is only about 100 millions of dollars. Thirty-five banks, with numerous branches in the Dominion of Canada, are also authorized to issue circulation in a similar manner, but the total circulation of these banks does not exceed thirty-five millions. Most of these are banks which have been in existence for many years, and were organized under special charters, and the liability of the shareholders in many cases, particularly in Great Britain, is unlimited. No State or nation has ever authorized the organization of banks under a general banking law, with the right to issue circulating notes proportionate to capital, except under a restriction requiring the deposit with the Government of securities as the basis for the issue of such notes.

Banks in this country, and in other countries, which have been authorized to issue circulating notes without security have been banks which were organized under special charters, and in granting such charters the means and character of the applicants and proposed stockholders are subject to investigation by committees

and legislatures. Propositions for the issue of circulation without the fullest security cannot be too carefully considered. The security of the National-bank note under the present system is perfect. In twenty years not a single bank note has failed to be redeemed at its face value. Banks organized under a general law, located so often at great distances from commercial centers, render a security for circulation of uniform and positive value an absolute necessity. It is evident that the authorizing of three thousand banks, under a general or free banking law to issue circulation without security, located in a country having such extensive territory as our own, would result disastrously.

Under the present banking system it is difficult in all cases to prevent the organization of banks with deficient capital, but if such banks are organized, at least no injury can happen from the issue of their circulating notes. The failure to pay the capital is almost certain soon to be ascertained, when such associations can be summarily closed, or be required to make good the deficiency. If under the proposed system banks should be organized with deficient capital and receive circulation, an irreparable injury would be accomplished before the worthless character of the assets could be ascertained. It would be practically impossible for any Government officer to prevent unprincipled men from organizing and controlling such associations for the purpose of benefiting themselves at the expense of the holders of their circulating notes.

There are in this country nearly a thousand State banks and trust companies, and more than three thousand private bankers. The temptation would be strong, on the part of these corporations and individuals, to organize banks of circulation, if circulation could be obtained without depositing bonds as security therefor. The value of the different notes issued would depend upon the management of the bank and character and standing of the different stockholders. Many notes would be at a discount in exchange for coin, and the failure of one bank to pay its notes would throw discredit upon the whole volume of bank circulation and the system under which such banks were organized.

If the issue of circulation were confined to a few banks, organized by men of character, integrity, and means, such associations would be characterized as a monopoly. Even if corporations are organized upon the condition that all should contribute a percentage of the circulation to a safety fund for the protection of the aggregate circulation, there is danger that the issues of fraudulent or badly-managed banks would soon consume the safety fund, and it is evident that the circulation would be paid, if at all, at the expense of the depositor, who would be stripped of the small dividends which under existing laws are distributed to unfortunate creditors.

Under the National-banking system, it is provided that the circulation issued shall first be paid from the proceeds of the bonds deposited to secure the same. The proceeds of the remaining assets are distributed pro rata among the creditors. Eighty-seven National banks, in all having an aggregate capital of \$19,262,600, have failed during the last twenty years, and since the organization of the system. The amount of circulation to which these banks were entitled under existing laws, namely, ninety per cent. upon capital, is \$17,336,340, which is a less amount in the aggregate than the amount of dividends which was actually paid to the creditors of these insolvent institutions. Forty-four of these banks, having a capital of \$10,094,000, would each have paid in full their circulation,

if ninety per cent. had been issued upon their capital, from the proceeds of their assets, and would also have paid small dividends to their depositors. The remaining forty-three insolvent banks, having a capital of \$9,168,600, would in the aggregate have paid, it is estimated, seventy-five per cent. only from the avails of their assets upon the circulation authorized; entailing a loss upon the bill-holders of over \$2,000,000, and leaving no assets whatever for the benefit of the depositors, whose claims are \$9,043,605, and upon which, it is estimated, dividends will be paid averaging sixty-eight per cent. While these forty-three banks would in the aggregate have paid seventy-five per cent. to the bill-holders, about one-half of this number would have paid on the average from the avails of their assets not exceeding fifty per cent. of the amount of their circulating notes.

The losses which the holders of the notes of insolvent banks would have experienced under the National-banking system, if securities had not been required to have been deposited, would have been small in comparison with the whole circulation. But the fact that such losses would have occurred in so many banks, and that, too, at the expense of the depositors under a system with so many safeguards and restrictions, is an argument from experience against any proposition to issue notes for circulation under any general system, without requiring sufficient security, which cannot easily be answered.

If the public debt is to be paid hereafter as rapidly as during the past three years, all of the interest-bearing bonds will soon be surrendered and canceled, and there is danger that the bank circulation will be so rapidly retired as to cause a contraction of the currency which will affect the price of commodities and create embarrassments in business; but there is now no such pressing necessity for a speedy payment of the public debt as there is for the reduction of the redundant revenue. It is believed that Congress will soon provide for so large a reduction of the revenue that a sufficient amount of bonds will remain for the security of the bank circulation.

The National banks held, on November 1, bonds for circulation, not payable at the pleasure of the Government, as follows:

Four-and-one-half-per-cent. bonds.....	\$33,754,650
Pacific Railway sixes.....	3,526,000
Four-per-cent. bonds.....	104,917,500

Total..... \$142,198,150

None of these bonds will be payable until nine years hence, in the year 1891. The total amount of bonds outstanding, held by the banks and by the people, which are available for circulation, and not payable at the pleasure of the Government, and cannot be redeemed except by purchase in the market, is as follows:

Four per cents., payable July 1, 1907.....	\$738,922,600
Four and one-half per cents., payable September 1, 1891.....	250,000,000
Pacific Railway sixes, payable September 1, 1895.....	\$3,002,000
" " " " September 1, 1896.....	8,000,000
" " " " September 1, 1897.....	9,712,000
" " " " September 1, 1898.....	29,383,000
" " " " September 1, 1899.....	*14,526,512
	<hr/>
	64,623,512
	<hr/>
	\$1,053,553,112

\*\$483,512 of this amount is payable in 1900, and \$4,680 in 1902.

These bonds, including the Pacific sixes, amount to nearly 1,054 millions, and are abundantly sufficient as a basis for banking during the next twenty years. In fact, one-fourth of this debt, exclusive of the 142 millions held by the banks, is sufficient to supply a basis for the bank notes now outstanding. The law provides that any bank may reduce the amount of its bonds held as security for circulation, to an amount not less than \$50,000, and, by an act of the present Congress, banks having a capital of \$150,000 or less can reduce their bonds to a minimum of one-fourth of their capital. The aggregate amount of bank circulation outstanding has not been reduced for a series of years, as may be seen from the following table, which gives the total amount of the National-bank circulation outstanding on the 1st of June and 1st of November of each year since 1873:

June 1, 1874.....	\$351,850,502	....	November 1, 1874.	\$354,077,246
June 1, 1875.....	354,455,473	....	November 1, 1875.	348,216,902
June 1, 1876.....	336,665,930	....	November 1, 1876.	323,241,308
June 1, 1877.....	319,096,212	....	November 1, 1877.	318,207,231
June 1, 1878.....	323,988,085	....	November 1, 1878.	322,460,715
June 1, 1879.....	329,539,411	....	November 1, 1879.	337,181,418
June 1, 1880.....	345,183,783	....	November 1, 1880.	343,834,107
June 1, 1881.....	354,151,713	....	November 1, 1881.	360,344,250
June 1, 1882.....	359,875,334	....	November 1, 1882.	362,727,747

The above table exhibits the total circulation actually outstanding, which includes the notes of the insolvent banks, of those in voluntary liquidation, and of those who have deposited lawful money for the purpose of reducing their circulation.

The circulation of the banks in operation during the present year has, however, been reduced from \$320,200,069 to \$314,721,215, as will be seen from the table below, which gives, by geographical divisions, the amount of notes outstanding of the banks in operation in the month of October yearly since 1877.

	1877.		1878.		1879	
	No. of banks.	Circula- tion.	No. of banks.	Circula- tion.	No. of banks.	Circula- tion.
New England States.....	543	\$107,308,787	543	\$112,106,441	547	\$117,088,368
Middle States.....	633	102,562,331	635	109,134,919	641	113,121,339
Southern States .....	176	20,604,171	176	21,837,670	175	23,478,426
Western States.....	693	58,542,738	663	55,850,523	649	56,921,027
Pacific States and Territories.	35	2,856,209	36	2,958,539	36	3,177,182
	2,080	\$291,874,236	2,053	\$301,888,092	2,048	\$313,786,342

	1880.		1881.		1882.	
	No. of banks.	Circula- tion.	No. of banks.	Circula- tion.	No. of banks.	Circula- tion.
New England States.....	550	\$121,460,013	554	\$123,764,682	558	\$119,658,618
Middle States.....	657	110,765,602	668	111,639,689	686	109,039,214
Southern States.....	179	24,305,338	185	24,698,702	208	25,105,793
Western States.....	660	57,048,761	673	56,268,899	743	56,376,988
Pacific States and Territories.	44	3,770,322	52	3,828,097	74	4,540,602
	2,090	\$317,350,036	2,122	\$320,200,069	2,269	\$314,721,215

The reduction from January 1 to July 1, of the present year, was still greater, and amounted to more than sixteen millions, but the

amount has again increased, as is usual in the fall season of the year. Banks, during the year, have been frequently called upon to surrender their bonds to the Secretary for payment. In such cases the three and the three and one-half per cents. have usually been substituted or the circulation surrendered. The amount of four and four and one-half per cents. held as security for bank notes have, however, during the past year increased more than fourteen millions.

The banks hold, as has been seen, 220 millions of dollars of United States bonds which are subject to the call of the Government, and these bonds can be replaced only by other bonds bearing a high premium and payable after a fixed date. If these latter bonds are not substituted for the former, the circulation of the banks will be reduced about 200 millions.

The profit upon circulation upon the four and four-and-a-half-per-cent. bonds, where the rate of interest is six per cent. is not much in excess of three-fifths of one per cent., and where the rates of interest are above eight per cent. the profits are nominal, and are not sufficient to induce the banks to purchase large amounts as security for circulation. Where the profits are so small there is a serious objection to the investment of so large an amount of capital in premium, which, in the case of four-per-cent. bonds, amounts to one-fifth of the face value of the bonds.

If the whole public debt were reduced to a uniform rate of three per cent., the present high premium upon bonds would almost entirely disappear, and the volume of circulation would respond more readily to the demands of business. The temptation to sell such bonds for the purpose of realizing the premium would no longer remain. A proposition for refunding all the bonds, not payable at the pleasure of the Government, into three per cents. was suggested during the last session of Congress. The proposition is that inducements be offered to the holders of the four and four-and-one-half-per-cent. bonds to surrender them to the Government, receiving in payment therefor three-per-cent. bonds having the same dates of maturity as the bonds which are to be surrendered. The new three-per-cent bonds issued would themselves bear a small premium, and it is believed that the holders of four per cents. would consent to such an exchange if accompanied by an offer of not more than fifteen per cent. premium. The amount of the premium upon this class of bonds, say 700 millions, now outstanding, at fifteen per cent. would be 105 millions of dollars, and this premium can be paid as the bonds are surrendered for exchange from the surplus revenue of the Government, thus in effect reducing the debt of the Government 105 millions by a prepayment of interest which must be paid at a greater rate each year until their maturity.

The benefits of this plan both to the holder and to the Government are apparent. The holders would receive, in the shape of fifteen per cent. premium upon the bonds, a portion of their interest in advance, which would be available for loans at rates greatly exceeding the borrowing power of the Government, which is now so favorable as to be less than three per cent. The Government would be enabled by this use of its surplus to save a portion of the interest which otherwise it would be compelled to pay hereafter.

The market price of the four-per-cent. twenty-five-year bonds is now 119.20, which indicates a market estimate of a borrowing rate of interest of  $2\frac{9}{10}\%$  per cent. per annum to the Government.

At this rate, the present value of one per cent. of interest, upon each \$100 bond annually for twenty-five years relinquished by the holder, is \$17.70. If the holder accepts fifteen dollars as an equivalent for these twenty-five annual payments, instead of \$17.70, a reduction of \$2.70 from the market estimate of the value, the Government will practically purchase from the holder of the bond at four and one-half per cent. rate of interest instead of at 2.95 per cent. In other words the present value of the twenty-five one-dollar annual payments (twenty-five-year annuity) relinquished by the holder when computed at the rate of 2.95 per cent. per annum is worth \$17.70; but computed at the rate of four and one-half per cent. is worth only \$15, a premium which it is believed the holders would be willing to accept; and if the Government be able to invest its surplus revenue at a rate so favorable to itself as four and one-half per cent., there would seem to be good reason that Congress should provide the necessary legislation for authorizing an arrangement which can also be shown to be of advantage to the holders of the four-per-cent. bonds.

One alternative would be to reduce the tax upon circulation to one-half of one per cent. per annum; and another to amend section twelve of the Act of July 12, 1882, so as to authorize the banks to receive circulation at the rate of ninety per cent. upon the average current market value of the bonds for the six months previous. If the bonds shall decline in the market, additional bonds may be required to be deposited, or the interest may be retained by the Treasurer upon notice from the Comptroller to make up the deficiency. Such an amendment has frequently been suggested, and, in fact, the original National Bank Act authorized the issue of circulating notes to the amount of ninety per centum of the current market value of United States six-per-cent. bonds deposited, provided that such ninety per centum was not in excess of the amount of the bonds at their par value or the paid-in capital stock of the bank, and also provided for the deposit of additional bonds or money upon their depreciation, or the suspension of payment of interest upon the bonds held, so long as the depreciation should continue.

It is submitted that the issue of circulation upon four and one-half per cent. at ninety per cent. upon their current market value is equally safe with the issue of ninety per cent. upon the three per cents. now outstanding at par; or that a reduction of the tax upon circulation to one-half of one per cent., or to an amount sufficient to reimburse the Treasury for the whole expense of the issue of bank circulation and all expenses incident thereto, in view of the fact of the large reduction upon the income derived from United States bonds amounting to more than two per cent. since this tax was imposed, is not unreasonable.

Either of these plans is feasible and would prevent a sudden contraction of the currency, by bringing into possession of the banks a sufficient amount of bonds to supply the circulation which is needed, and is certainly greatly to be preferred to the propositions for a large increase in legal-tender notes—if such issues were practicable—or to the issue of bank circulation without a deposit of bond security under restrictions however stringent.

If, however, it shall be the policy of the Government to accumulate the revenue instead of largely reducing it, thus rendering it necessary to continue the rapid reduction of the debt, even if it is to be purchased at the price fixed by the holders, it is of the greatest importance that the basis upon which the bank currency is is-

sued should be extended or enlarged so as to include some other form of security besides Government credit.

The National-banking system has been in operation nearly twenty years, and may be said to have not yet attained its majority. It is part of the machinery of the Government. Its advantages have been well tested in good and in evil times, and during the searching and acrimonious discussions of the last ten years, the final result of which has been the legislation of the present Congress which authorized the extension of the period of succession of each one of these institutions for twenty years from the date of the expiration of its corporate existence. The Comptroller, while he believes it is for the best interests of the Government to continue the National-banking system, subject to such improvements as shall hereafter be authorized by Congress, is, after all, of opinion that it would be better that the circulation should diminish in volume than that the issue should be increased at the risk of placing in the hands of the poorer classes uncurrent and irredeemable circulation, or of giving to associations organized by unscrupulous men an opportunity to use so good a system of banking for bad purposes.

The National-banking system was established with a view to uproot other and evil systems, and nothing but the heroic legislation of taxing bad issues of circulation out of existence, which was passed in the interests of the Government during a great war, could have accomplished this purpose. By increasing the rate of issue upon the bonds pledged by the banks as security for their circulation, or by reducing the tax upon bank notes, or by a proper system of refunding the debt, and reducing the revenue derived in many instances from unjust and burdensome taxation, the system may continue for twenty-five years, or until the maturity of the four per cents; but it is far better that the right to issue notes should be gradually discontinued than that so good a system should be used to bring again upon the country the very evils which were experienced at the time of its organization, twenty years ago.

---

## THE NATIONAL BANKS OF THE UNITED STATES OF AMERICA.\*

[CONTINUED FROM THE NOVEMBER NUMBER.]

No National bank may have branches; but by Section 5155, provision is made for the case of any State bank reorganizing under these Acts, and having branches. Such banks may retain their branches upon assigning a definite amount of the capital to each branch, and taking out circulation for each one separately. As a matter of fact, although very many State banks have reorganized as National banks, none of them have retained their branches, and therefore, all the two thousand one hundred and thirty-two offices in operation at the date of the last report, are separate banks. This may be advantageous to their business in one respect, as it enlists much local influence and interest in favor of the bank; but to maintain the whole machinery of a joint-stock company for every small bank must swallow up a considerable proportion of the profits. It will be remembered that something similar was attempted at the foundation of the National Bank of Ireland, but was abandoned after a few years' experience.

\* From the *Journal of the Institute of Bankers*, London.

No National bank may purchase or hold any real estate except such as is required for its own business accommodation, or as shall be mortgaged or conveyed to it in satisfaction of debts previously contracted. And in these latter cases no bank may hold such estate longer than five years. It would appear from the wording of this clause, and from Section 5136, that no bank may lend money on mortgage, or with real estate as original security, and this must place these banks at a disadvantage in country districts. Possibly this may, in part, account for the fact, that, in the Southern and Western States, private and State bankers are very much more numerous than National banks.

No bank may make any loan or discount on the security of its own stock; and any such stock as may be acquired in satisfaction of debts previously contracted must be disposed of within six months.

The total liabilities to any bank of any one customer may at no time exceed one-tenth of the paid-up capital, except by the discount of bills drawn against actually existing values.

This section has been found to affect very injuriously banks situated in the great centers of commerce. In those cities where large quantities of produce are received and stored it has been found to prevent National banks from taking a fair position in regard to that class of business. A curious distinction has been held to exist in these cases, as the limitation is said not to apply to loans upon produce in transit, but if it is stored it comes within the law. This must render such transactions very difficult, and it is highly probable that the law is constantly evaded. As there is no penalty attached to the section, the only mode of enforcing the law is for the Comptroller to bring a suit for forfeiture of charter; therefore, as in all cases of excessive penalties, the law is rarely vindicated.

No bank may, at any time, be indebted, or in any way liable, to an amount exceeding that of its paid-up capital at such time, except on account of:

Notes of circulation;

Moneys deposited with or collected by the bank;

Bills of exchange or drafts drawn against money actually on deposit to the credit of the bank, or due thereto;

Liabilities to shareholders for dividends and reserve profits.

This provision directly prevents the banks from incurring unlimited liabilities on acceptances. In the balance sheet on page 9, acceptances against securities do not appear at all, and the total amount of bills payable is less than one million sterling. Even this amount is not very widely distributed. No portion of it pertains to the banks of New York; and of all the reserve cities, the only ones having these liabilities, are Boston, Cincinnati, Cleveland and Philadelphia. The banks of Boston are liable for about one-third of the total amount, and the other named cities together for one-third of the remainder.

The provisions as to usury touch upon a point on which we, in this country, have long made up our minds. In the United States the case is complicated by the varying laws of the several States with respect to interest. The section states that interest may be taken at the rate allowed by the laws of the State or Territory in which the bank is located, except, that, where a different rate is allowed to banks organized under the State laws, National banks may charge the same; and where no rate is fixed



by local laws, National banks may charge no more than seven per cent. But it has been judicially decided that a National bank is not bound by the laws limiting the rates to be taken by State banks, but may take as much as a natural person in the same State—so that in Missouri, where the highest rate allowed is ten per cent., and State banks are limited to eight per cent., it has been held that a National bank may take the highest rate. However, the rates, though so various as to create great inequalities in the powers of the banks, are generally high enough to allow an ample margin of profit. In nine States the highest rate is six per cent.; in one, it is seven per cent.; in six, eight per cent.; in nine, ten per cent.; in four, twelve; and in one, eighteen per cent. In fourteen States or Territories there are no laws relating to usury, and here, of course, National banks are at a disadvantage. The penalties attaching to taking excessive interest are also different in the various States, but National banking associations are liable only under the provisions of the National Bank Acts. For them the penalty is the forfeiture of the whole interest due on the debt, or if it has been already paid, liability to damages in twice the amount. Under Section 5239, the Comptroller has power to bring a suit for forfeiture of the charter of any National bank taking usurious interest, but I believe that it has never been done. It is worthy of note, too, that the Supreme Court has decided that the plea of usury can only be raised as a counterclaim in a suit relating to an unpaid note or loan; and that penalties for excessive interest already paid, can only be enforced by action brought specially for that purpose by the party aggrieved.

Two of the restrictions point directly to methods of business of which we have no experience.

It is forbidden to any association to "pledge or hypothecate any of its notes of circulation for the purpose of procuring money to be paid in on its capital stock, or to be used in its banking operations or otherwise; nor shall any association use its circulating notes to create or increase its capital stock." Associations are also forbidden to "offer or receive United States notes or National-bank notes as security for any loan of money, or for a consideration agree to withhold the same from use, or offer or receive the custody of such notes as security or consideration for any loan of money." Although these may seem improbable operations, their prohibition was not enacted without some experience of its necessity. Many banks had formerly been established of which the only capital was that created by their own notes. The Special Commissioner of Revenue of the United States, in a report for 1868, quoted the following remarks of a bank commissioner of Massachusetts:

For several years prior to 1857 the banks had pushed their discounts to a dangerous point for the sake of securing circulation. Loans were made in bank bills to distant customers, especially at the West, to railroad and other corporations, to contractors and to banks, with a distinct agreement that the notes should be kept in circulation till the paper matured. The notes were marked, and as fast as they were returned to the bank they were returned at the borrower's expense. In other cases the agreement was that the notes should be locked up in the safe of a borrowing bank to constitute the reserve of Eastern exchange, which was required by the laws of some of the Western States.

So extensive had these practices become that the State of Massachusetts passed a law to prohibit them but a few years before the passing of the National Bank Acts.

Similar transactions appear to have been at least suspected in New York, for the associated banks there, in 1872, passed a resolution directing the suspension from the clearing of any bank that should be discovered to be withdrawing from use legal-tender notes.

Any association offending against the provisions of this section is liable to a fine of £200 and of a further sum equal to one-third of the money so loaned; whilst the officers or officer making the loan are liable to a penalty equal to one-fourth of the money loaned; the whole of the penalties being recoverable for the benefit of the party bringing suit.

In Section 5208 we have another provision requiring some explanation. "It shall be unlawful for any officer, clerk, or agent of any National banking association to certify any checks drawn upon the association, unless the person drawing the check has, on deposit with the association at the time the check is certified, a sum equal to the amount of the check."

This practice of certification of checks is one so entirely outside of our experience that we may be surprised to learn of the extent to which it obtains in the principal cities of the United States. It consists in stamping the name of the bank drawn upon, and the date of certification, across the face of the check, and adding the signature of the cashier of the bank. It is in fact an acceptance of the check, and is generally made at the request of the drawer, and before the check is paid away. I am afraid it points to a very great amount of distrust existing in the business community. I had thought that perhaps it arose from the practice of New York and most of the other cities of only clearing once a day, and that at an early hour; but I am assured that it is of far older date than the clearing system, and has been in general use for at least fifty years. It is very largely used in stock transactions, but by no means confined to them. The Comptroller in his last report, says, that the checks received by the clearing banks of New York City on the 30th of June, 1881, and which were cleared on the following day, amounted to twenty-eight millions sterling. Of this amount, twenty-three millions were cleared by twenty-three banks, all of which have relations, to a greater or less extent, with brokers. Out of this latter amount, sixteen millions sterling consisted of certified checks, of which again it is estimated that at least ninety per cent., or upwards of fourteen millions, represented stock transactions.

These checks are also largely used by brokers for the daily borrowing and repayment of their loans. They form, of course, a convenient mode of remittance, but are not much used for that purpose, being most generally presented in the clearing of the day following that on which they are certified. As to the certifying of checks exceeding the drawer's balance, it certainly seems a most risky and unsound thing to do, and one for which some adequate consideration should be charged even under ordinary circumstances, still more when it involves also the possible forfeiture of the bank's charter. But when certification is required in excess of the amount at credit it is customary in New York to make a temporary credit to the account covering the amount that may be needed, either by a demand note of the drawer of the check, or by his check on another bank where he may have an account; which temporary credit is cancelled at the close of business when the account has been made good. This arrangement has been adopted, I believe, under advice of counsel as being within the letter of the law. No commission is charged by the banks for this

accommodation, as they find their profit in the larger balances which brokers leave to their credit. Although the larger proportion of certification is done for the accommodation of the business of the Stock Exchange, I am informed that the bankers of New York consider that their losses arising out of this branch of the business are not one-hundredth part of those incurred by them in discounting bills, and they justify the practice by its great convenience to the community.

In the matter of reserves and surplus funds every precaution is taken to insure, so far as can be done by legislative enactments, that the banks shall be in a position to meet their liabilities. Every bank is required at all times to hold, in lawful money, at least fifteen per cent. of its deposits. In this may be included the redemption deposit of five per cent. on the circulation, Treasury certificates for legal-tender notes deposited, and Clearing-house certificates; also balances due from agents in the reserve-cities. Every National bank established in any of the reserve cities must hold in the same manner twenty-five per cent. of its deposits. If at any time the reserve falls below the prescribed proportion, no new loans or discounts may be made, nor dividends paid, until the proportion has been restored. Prior to the Act of June, 1874, requiring the banks to redeem their notes at the Treasury, the reserve required was in the same proportion, but was to be calculated upon the aggregate amount of circulation and deposits.

The following table gives the reserve held and its proportion to the whole liabilities:

Three ciphers omitted; thus, £ 1,699 = £ 1,699,000.

Circulation.	Liabilities.		Specie.	Reserve.		Ratio to Liabilities. per cent.
	Deposits.			Legal tenders and other Gov- ernment notes.		
£	£		£	£		
1863..	..	1,699	..	289	..	17.0
1864..	9,052	24,433	..	8,960	..	26.7
1865..	34,264	100,182	3,614	..	38,000	30.9
1866..	56,051	112,923	1,845	..	41,150	25.4
1867..	58,778	108,159	2,560	..	31,488	20.4
1868..	59,154	116,188	2,601	..	31,210	19.3
1869..	58,719	102,280	4,600	..	25,913	18.9
1870..	58,359	100,281	3,692	..	24,534	17.8
1871..	63,104	120,173	2,650	..	26,898	16.1
1872..	66,699	122,658	2,046	..	23,794	13.7
1873..	67,816	124,537	3,973	..	22,626	13.8
1874..	66,645	133,813	4,248	..	28,640	16.4
1875..	63,670	132,915	1,610	..	28,991	15.6
1876..	58,308	130,277	4,272	..	26,033	16.1
1877..	58,375	123,280	4,532	..	23,270	15.3
1878..	60,377	124,047	6,138	..	22,730	15.6
1879..	62,757	143,947	8,434	..	22,600	15.0
1880..	63,470	176,707	21,870	..	16,280	15.8
1881..	64,040	214,199	22,867	..	15,474	13.8

Before declaring any dividend one-tenth of the net profits of the half year must be carried to the surplus fund until that shall amount to twenty per cent. of the capital. As will be seen, the required proportion was reached so long ago as 1869.

Besides these surplus funds, however, the banks have accumulated very large amounts of undivided profits. These constitute their reserve against losses, as the surplus fund is not available for meeting general losses, but is contemplated as for the protection of depositors, and as an addition to the working capital of the bank.

## THE COLOGNE BIMETALLIST CONGRESS.

The friends of the double standard complain frequently that they are not well represented in the public press and in the great governments. This complaint is not founded in fact, for it is only the cause of bimetallism which has brought out some particular clubs; three international government conferences, and now a private international congress held in the ancient city of Cologne. It is true, however, that these meetings have failed to impress the world. The London *Times*, for instance, disposes of the Cologne meeting in the following dispatch:

What is called an "international" bimetallist congress was to-day opened at Cologne, though it seems to have somewhat the character of the great national assembly convened and exclusively attended by the tailors of Tooley Street. Langley is the only English name mentioned as being on the list of members, neither Mr. Gibbs nor Mr. Grenfell, who were both expected, having yet appeared. One telegram says M. de Laveleye has come, while another asserts that he has not. M. Leon Say is conspicuous by his absence. The congress is, therefore, spoken of as a fiasco. Who got it up and with what ultimate aim does not appear. The idea, at least, was not very popular in the Rhine region, for we hear of a petition against this bimetallistic agitation signed by more than 300 adherents of the gold standard, including the chief mercantile and industrial firms of the province.

Perhaps this is almost frivolous, and it is misleading. M. Laveleye having been present and made a speech. And beside Mr. Langley, two other delegates of the international monetary standard association were on the spot. Léon Say, Signor Luzzati, Lorenz von Stein, Professor Süß, and even Professor Soetbeer wrote letters. Germany was represented by Kardorff and other men of affairs or weight. The North German *Gazette* published elaborate accounts of the meeting, and the city of Cologne was very hospitable. The friends of bimetallism, then, should not complain, and least of all should those in Germany and America. They have accomplished far more than the friends of sound finance think acceptable or wise; for as the case stands both these countries are bimetallic, America approximately so, Germany at least in practice and almost hopelessly. Whose fault is it then, that the bimetallist meeting in Cologne has fallen flat? We shall see.

The chairman, Dr. Arendt, opened the "congress" with an elaborate and much-applauded speech, in which he observed that science has decided the fundamental principle of bimetallism beyond a doubt. No man of authority denies, he remarked, that the price of silver should be restored by free coinage. This is novel, and we fear that it is not true. Dr. Arendt assumes as settled what in truth requires a sufficient demonstration,—not an argument, but a demonstration compelling assent. The fundamental principle to which he alludes is not only not settled, but in the opinion of thinkers and practical financiers is incapable of a settlement. The law may prescribe that farmers shall sell wheat either by measure or by weight. Does that settle anything? In Massachusetts both English and French measures are lawful. Does that settle anything, though physical and metaphysical science may repeat for ever that

either standard is reasonable and convenient? Dr. Arendt further remarks that the coinage system of this century rests on the French law of 1803. But the truth is that this bimetallic law has been influential only; it has not been a general foundation save in the Latin Union, and there it is no longer in operation. Dr. Arendt remarked that the depreciation of gold after the Californian and Australian discoveries was prevented by French bimetallism. But if this French system is so very powerful, why does not the Bank of France act upon it, and why does it not overrule the gold standard? The learned speaker thinks that silver has suffered because France has suspended the coinage of silver, and that the responsibility for this rests with Germany. A law, in his opinion, has damaged the price of silver; a law, therefore, should restore it. This train of reasoning should have induced the congress to address France. Its resolutions aim at Germany and England.

These resolutions favor a constant and firm relation between gold and silver. To accomplish this Germany and England are advised to coin silver at its full value. What the latter is, we do not learn. The market reports the usual fluctuations. The second resolution recommends that Germany withdraw all gold and paper below the value of \$2.50, and replace it by silver. The fourth resolution advises the Bank of England to employ silver as a part of its reserve. But these unanimous resolutions were not well supported by the speakers. Professor Lexis, for instance, advocated the relation of 1:15½. Leuschner complained of the German credit-money which includes 111 million dollars in fractional coins containing but seventy-five per cent. of their nominal bullion: 125 million dollars in silver thalers containing but eighty-five per cent. of the proper bullion. He remarked that France has 600 million dollars in underweighted silver coins. O. Haupt of Paris remarked that the people of England hold 1250 million dollars in silver securities, mostly Indian and Austrian, the exchange loss on which would be 190 million dollars, while the annual loss on the interest alone is seven and one-half million dollars, and the Indian Government suffers an annual loss of sixteen million dollars on exchange. The point to be achieved, then, is to raise the price of silver to parity with gold, partly by the coinage of full-priced silver pieces, partly by manipulation including a reduction in the use of gold by Germany and England.

This result is not brilliant, although Laveleye promised a terrible crisis if bimetallism should not be adopted, as there would be a terrible dearth of gold. He was supported by Haupt, who announced that gold in the Bank of England had dropped in a year from 185 million dollars to 100 millions, although it is more correct to say that the decline has been in three years from 167½ millions to 106 millions. But this decline is balanced by the Italian gain of eighty-five million dollars, by the rise of the gold reserve in the Bank of France from 120 millions a year ago to 195 millions now, and by the gains of this country within the last three years. Haupt mentioned also that the gold reserve in the Bank of Holland has dropped from 108 million florins in September, 1878, to nine million florins now.

Can all this encourage our American bimetalists? The European financiers without an exception watch the price of New York exchange far more anxiously than we do. What they dread and abhor is the flow of gold back to the country of its origin. What they

prefer is that we dig gold, have it coined in Europe, accept payment in goods, and deal with one another in greenbacks, bank notes and silver dollars. Europe feels it to be an inconvenience that America enters the world on the grounds of equality in manufacturing, commerce and finance. Europe knows perfectly well, if we return to the Knox Coinage Act, that gold will flow here, and that the Old World will in part go through the experience of 1862. We in turn, know that the financial prosperity of Europe is in our interest, and while we hold the key to the coinage of the civilized world, that it is not in our interest to employ it when such employment involves the inconvenience of friendly nations. But we cannot always pay for the convenience of Europe, as we have done in the past, and as we are doing now. We have nothing to fear for our silver. The world wants it as it wants our wheat. But we may well protect our gold and increase it by all honorable means. Accordingly there is no reason why we should not discuss coinage matters with all the world, and why we should not consider the propositions of bimetallism. But we are in duty bound to protect ourselves better than we have done in the past, and Europe admits that we are in a position to do so effectually. For our own men of affairs it suffices to say that gold would flow here to-day, were it not for our silver dollars, which displace the better commodity. This fact the bimetallist congress has not so much shaken as illustrated and confirmed.—*Boston Advertiser*.

---

## STATISTICS OF THE LIQUOR BUSINESS.

During the fiscal year ending June 30, 1882, the production of ordinary distilled liquors of the United States amounted to 117,728,151 gallons, of which Indiana's production is estimated at 2,500,000. The consumption of grain in the manufacture of these spirits amounted to 31,291,175 bushels, the share of Indiana in which is estimated to have reached about 1,000,000 bushels. There were fed and fattened during the same year on the slops of distilleries in the United States 83,867 cattle and 95,598 hogs. The United States Commissioner of Internal Revenue, from whose late report the figures given in this address are extracted, pronounces the feeding of hogs and cattle at distilleries "a growing industry," from which great results are anticipated. The distilleries in the cities in nearly all cases sell their slops, whilst with those in the country a large percentage of the slops produced is either wasted or thrown away. It is estimated that nearly two million of cattle and hogs could be fattened annually upon the non-utilized slops of the distilleries and breweries of the United States, and there is but little doubt that, within the next decade, it will be done.

The Government tax on the ordinary alcoholic spirits manufactured in the United States during the fiscal year ending June 30, 1881, amounted to \$105,955.33. The money collected during the first four months of the same fiscal year upon spirits distilled from extraordinary sources, such as apples, peaches and grapes; upon wines made in imitation of champagne, upon rectifiers' special tax; upon dealers' wholesale liquor tax; upon manufacturers of still-worms, and a few other miscellaneous articles connected with this business

amounted to \$845,715. This for four months. For the year it would amount to \$2,535,145. During the same four months there were manufactured in the United States 6,082,944 barrels of malt liquors, and the tax on these liquors, together with the brewers, and wholesale dealers' special tax, amounts to \$6,082,891. This for four months. For the year it would reach \$18,398,534. The Government special tax of \$25 each on 170,640 retail drugs, in spirituous liquors, and on 8,734 exclusively in malt liquors, amounts to \$4,494,425. If the figures are added together it will be found that the Government tax for the fiscal year ending June 30, 1881, upon spirituous and malt liquors, and upon articles incidental to the manufacture and sale of these goods, amounts to the enormous sum of \$131,384,439. I am not able to lay my hand upon the tax or duty levied by the Government upon wines and brandies imported during the fiscal year. It could scarcely be less than \$2,000,000, and this added to the sum already named, raises the annual revenue of the Government, taking the product of the last fiscal year as a future average, as derived from the tax on the business connected with the manufacture and sale of spirituous and malt liquors and matters incidental to such manufacture and sale to one hundred and thirty-three million three hundred and eighty-four thousand, four hundred and thirty-nine dollars.

The State of Indiana levies a special tax of \$100 upon each of the retail dealers within her limits. Many other States also levy such a tax—some more and others less than this sum—whilst the greater part of the large towns and cities throughout the United States collect a license fee ranging from \$25 to \$500 each. It is very safe to say that the license required of retail dealers by the States and the municipalities would equal an average of \$10 each, which would amount to \$14,349,920. This, added to the sum already stated, would give a result of \$147,538,359.

Finally to this must be added the State and County and in many cases, the municipal tax on \$80,000,000 invested capital, and on the stock carried by 5,210 distillers, by 4,112 wholesale dealers in spirituous liquors, by 2,474 brewers, by 2,034 wholesale dealers in malt liquors, and by 179,374 retail dealers in spirituous and malt liquors. I certainly cannot overleap the mark if I jump at the conclusion that this tax will equal \$2,000,000. And this, added to the last given, produces a grand total of one hundred and fifty million dollars and a fraction of \$235,349 thrown in for good count. Contemplate these figures for one moment. One hundred and fifty million dollars per annum derived as a revenue by the cities, counties, States and general Government from a single industry! The revenue raised from this source and paid directly into the Government Treasury, if set apart for the purpose as it should be, in fifteen years would liquidate the public debt. In thirty years it would not only do this, but it would yield a sum of money sufficient to extinguish all the county and State public debts in the American Union. It would support the army of a first-class European power, or, in a dozen years, produce a fund that would buy up Mexico and purchase Canada of the British Government.

A revenue of \$150,000,000 per annum is such an enormous sum, so nearly incomprehensible in magnitude, so wonderful in effect that even an one-ideal enthusiast might pause to consider it. During the fiscal year ending June 30, 1881, there were registered and operated in the United States 5,210 distilleries. It is estimated that an average of fifteen men are engaged in and employed by these establish-

ments, making a total of those thus engaged and employed 78,150. There are 1,238 rectifiers of spirits who employ an average of six men each, equaling 7,788 men. There are 4,112 wholesale dealers in spirituous liquors. The dealers, the bookkeepers, the porters, the draymen and the traveling agents would, I think, bring the average for each establishment up to eight men, making a total of 22,896 men thus engaged and employed. There are 2,471 breweries in operation in the United States. The brewers estimate is an average of fifteen men to each concern, which gives to this business employers and employes 37,110 men. The wholesale dealers 2,034, and at eight men to each, there are thus engaged and employed 16,272 men. The retail dealers in spirituous and malt liquors amount to 179,176. They employ an average of three men each, which gives to this business, including employers and employes, a total of 716,704 men. About 24,000,000 of barrels are annually required to carry the ordinary alcoholic spirits, the wines, brandies and malt liquors that are manufactured every year in the United States. But inasmuch as many of the barrels carrying malt liquors are used several times, it will be fair to estimate 15,000,000 barrels as the consumption of each year in the liquor business. When everything is furnished to his hand a good cooper will turn out about eight barrels per day. The trees, however, must be first felled in the forest, and sawed into sections. They are riven into staves. The staves are then hauled to railway stations, transported thence to towns, and thence hauled by wagons to the cooper shops. The hoops have to be supplied, and in many cases the barrels when finished require to be hauled by wagons to the distilleries and breweries. Taking all the work into account, from cutting down the trees in the forest to the landing of the barrels at the distillery or brewery, and it is not unreasonable to assume that one day's labor enters into the production of two barrels. Counting five working days to the week (which is a liberal average), or 260 working days to the year, and two barrels a day's work, and it follows that the labor of one man will produce 520 barrels, and that 28,846 men would be engaged in manufacturing the barrels employed in carrying the spirituous and malt liquids manufactured in the United States. The buildings, machinery, stills and appliances of 5,210 distillers and 2,474 brewers require continuous repairs, additions, modifications, and improvements, which gives employment to carpenters, coppersmiths and machinists, almost without number. The same may be said in reference to the furniture and appliances of 1,298 rectifiers, of 4,112 wholesale dealers in malt liquors. The fixtures of 179,337 retail establishments including counters, shelves, chandeliers, glassware, billiard tables and furniture generally—most of it quite perishable property—undergoes change, reparation and substitution. Is it not fair to assume that the repairs, improvements, modifications, additions and substitutions here specified would cost the continuous labor of one man for each establishment mentioned? The labor of the men who make the new counters, the new shelves, the new glassware, the new billiard tables and the new furniture, as well as that of carpenters, coppersmiths, and machinists, must all be taken into account. Under this specification, then, there are 194,465 men employed. By adding the figures here given together, it will be seen that the business of manufacturing and selling spirituous and malt liquors in the United States gives regular employment to



one million one hundred and twelve thousand, two hundred and thirty-one men.

These men represent, as nearly as possible, 6,000,000 of people, twice the population of the American colonies when, by force of arms, they severed their connection with the British crown, and by wise statesmanship established a Government for their children, which, if faithfully administered, and not torn to pieces by the vandal raids of fanaticism, would in all time afford full and adequate protection to the personal rights, the property rights and public rights that inhere in citizenship in a free country. The people supported by what is known as the liquor business, if brought together, would make three States as large as Indiana. If they could take the place of the citizens, they would supply a larger population than there is now to California, Oregon, Nevada, Montana, New Mexico, Utah, Colorado, Kansas, Nebraska, Arkansas, Arizona, Wyoming and Texas. The brewers, distillers and wholesale dealers in spirituous and malt liquors generally amass fortunes. The bulk of the retailers make money, and the majority of the employes are skilled technical laborers, and receive good wages.—  
*Extract from Address by Col. John C. Walker, of Chicago.*

---

### VERMONT'S NEW TAX SYSTEM.

The working of the new tax system of Vermont is worthy of study by all who are interested in the subject of state taxation. The term "new system" is perhaps too broad, for the law adopted at the last session of the Legislature was substantially the old one with a few amendments. These required each tax-payer to submit and swear to a complete schedule of all his property of whatever description, and in case of non-compliance the assessors were obliged to ascertain his property as far as they were able and then double their valuation of it. The assessors, on their part, were required under oath to appraise all property at its true cash value; and on violation of their oath they were to be punished by fine and imprisonment as perjurers. Previous to the enactment of this law the assessors had for many years been in the habit of appraising real estate at about two-thirds of its real value, and of putting on the list whatever personal property the people chose to pay taxes on—no oath ever being required of the tax-payers and no assessors ever making oath to their assessment rolls. As a consequence taxes in this State were probably more inequitable and unjust than in any New England State, and the limit of the people's patience was reached. Naturally, then, the new law was backed and enforced by the whole power of public opinion; and, very successful on its first trial, it has proved even more so on its second.

This is amply shown by the figures. In 1880 the real estate of Vermont was appraised at \$71,114,747; in 1881 (the first year of the new law) it was appraised at \$102,437,102, and this year at \$106,577,559—thus showing a gain the first year of \$31,322,355, and the second year a further gain of \$4,140,457. This is certainly a good showing on the real estate part of the tax list. It was, however, on personal property that the opponents of the law predicted its failure, it being claimed as something beyond any doubt that the

rich men would in the course of a year find some method of concealing their realty. Yet the figures show that the law has been just as successful in reaching this class of property this year as last. In 1880 the appraisal of personal property was only \$15,037,262. In 1881 it sprang to \$46,896,967—a gain of \$31,859,705, or more than 200 per cent.—and this year it reaches \$46,996,025, or about \$100,000 more than in 1881—a small but significant gain. The total appraisal of all classes of property (including polls) is this year \$168,042,984. Last year it was \$163,762,069, and the preceding year under the old law, it was only \$100,350,000. These figures are, it is claimed, a sufficient vindication of the new law. The result, it is to be noted, has been achieved with little or no difficulty. There have been in the whole State but comparatively few cases of non-compliance with the provisions of the law. Thus in the City of Burlington, the largest and richest municipality in the State, only one individual refused to comply with the law, and in all quarters the measure found prompt and ready obedience. The principal opponents of the law were the very rich men, and one of these, Mr. James R. Langdon, of Montpelier, who was assessed for \$750,000 is contesting the constitutionality of the law in a suit which it is understood will be tried this Fall. The section of the law objected to is that imposing on Assessors the duty of doubling an assessment in case of the tax-payer's refusal or neglect to furnish and swear to a complete schedule of his property. The best lawyers of the State, however, maintain the entire constitutionality of the law, and little doubt is entertained that it will be sustained by the Courts.

In the meantime the tax question is the great issue of the day throughout Vermont. The vast majority of the people are enthusiastically in favor of the new law, and its opponents have been politically and socially ostracized. The Chief Justice of the State, the Hon. Homer E. Royce, of St. Albans, was one of the few prominent men who refused to comply with the law, and a formidable attack has been made upon him in consequence. The members of the Supreme Court are elected by the Legislature at each session, but as a general thing they hold their places by successive re-elections until they resign or die. Many of the leading papers of the State are demanding his official head, and the public feeling on the subject is so strong that it hardly seems possible that the Legislature will retain a Chief-Justice who disobeys the law. Rigid and thorough as the law appears to be, experience has shown some defects in it, which will be corrected at the coming session, and next Spring we will have a law that will be cast-iron indeed.

---

WHEN ATTACHMENT OF MONEY WILL HOLD.—The Court of Appeals has made an important decision in the matter of pursuing money by legal process deposited in bank. The case is that of *Bills v. the National Park Bank*, in which the court decides that an attachment of money in bank belonging to a defendant-debtor will hold the funds, although the same is represented by a certified check outstanding and still in the hands of the defendant. In this case the certified check had been redeposited in another account at the same bank, but it was shown on the trial that the money was still under the control of the defendant-debtor, and that the bank had knowledge of the fact.

## LIABILITY OF BANK TO CHECKHOLDER.

SUPREME COURT OF PENNSYLVANIA.

*Saylor v. Bushong.*

Prior to acceptance by the bank, the holder of a check can not maintain an action thereon against the bank; but if there has been an acceptance, actual or implied, an action may be maintained.

Where a depositor, in settling his bank account, leaves to his credit the exact amount of an outstanding check expressly for its payment, and the bank retains the money and settles upon that basis, there is an implied acceptance of the check, and the bank is liable to the holder for the amount.

On the trial the following facts appeared: The check in suit was given to plaintiff on October 18, 1877, by Yeich, who was the Treasurer of the West Reading Building and Loan Association. On November 17, 1877, plaintiff presented the check to defendants for payment. He was told, however, that the firm had suspended payment, and the check remained accordingly unpaid. Defendants had, prior to October 18, 1877, and continuously thereafter, until May 22, 1878, more than sufficient funds of the Building and Loan Association in their hands to enable them to cash the check in suit.

On May 22, 1878, Yeich called on defendants to obtain a note for the amount due by them to the Building and Loan Association. The amount was ascertained by the aid of the stubs of Yeich's check-book, and a note was given him for the balance appearing to be due. In making out this balance, the amount of plaintiff's check was deducted from the credits, together with interest thereon from the date thereof. Yeich desired this to be done in order to relieve himself from liability to the plaintiff. Subsequently plaintiff demanded from defendants the amount of his check, with interest from the date thereof, and being refused payment, instituted the present suit.

The court directed a verdict for defendants. Verdict and judgment accordingly. Plaintiff thereupon took this writ, assigning for error, *inter alia*, the instruction of the court to find for the defendants.

TRUNKY, J.:

It may be regarded as settled that the holder of a check can not maintain an action in his own name against the drawees, though they have sufficient funds of the drawer, if they refuse to accept it: *Bank of the Republic v. Millard*, 10 Wallace 152; *Carr v. The Bank*, 107 Mass. 45. A check may be revoked before presentment by the drawer's death, or by his order not to honor it, but if not revoked it is the duty of the bank to pay on demand. For breach of this duty the drawer has a right of action. If the check has not been revoked by common usage, the holder expects it will be paid on presentment. He may suffer a real injury by refusal for which he may be without redress, as in case of the drawer becoming insolvent before recourse to him could be effectual. It would seem that the holder ought to have a remedy

against the bank for a wrongful refusal of payment arising from an implied promise from the usages of business, or the course of dealing between the parties, and so it was held in some cases prior to *Bank v. Millard*. If the bank, in violation of its duty, dishonors a check, the holder may be injured quite as much as the drawer, and the bank ought to be answerable to each party injured by breach of the contract. Prior to acceptance, it is said, there is no privity between the holder and the bank, and, therefore, the holder can not maintain an action.

But if the bank, expressly or impliedly, promise the drawer to pay the check, the holder may sue if payment be refused. Thus, where a check was drawn to C, and B indorsed C's name without authority and received the money, the bank having deducted the check from the drawer's account and settled with him on that basis, it was held that the conduct of the bank was an acceptance, and that C could recover from the bank. *Seventh Nat. Bank v. Cook*, 73 Pa. St. 483. When a depositor settles his account with the bank, and leaves the exact amount of an outstanding check expressly for its payment, and the bank tacitly retains the money and settles on that basis, it is liable to the holder on the implied acceptance. All parties to the check would naturally infer from such action that the bank retained the money for use of the holder.

Saylor received the check on October 18, 1877, and presented it in November following, when payment was refused, with the remark that the bank had suspended, and was using all alike. In May, 1878, Yeich called on the bank for a note for the amount due, to be determined by the stubs of his check-book, and a note was given for the balance. In making out the balance, Saylor's check was deducted from the credits just as the other checks were, except that some interest was allowed for Saylor. Yeich did not want to make himself liable to Saylor by including his check in the note, and directed the check to be left out. These are the facts the jury would likely have found had the testimony been submitted, and they could reasonably have inferred an agreement by the bank to keep the money and pay the check.

Saylor was holding the check, and the defendants knew it. In settlement with the drawer, at his request they kept of his money the amount of the check for the purpose of its payment. No other purpose was expressed, and no other could be inferred. It matters not that the amount of the check was not formally charged against Yeich and credited to Saylor. Had that been done it would have evidenced the plaintiff's right to recover on the count for money had and received, held by the defendants, and appropriated by the drawer to the plaintiff's use, and, therefore, under an implied promise to him to pay it on demand: *Seventh Nat. Bank v. Cook*, *supra*. If the facts are proved otherwise than by the books, the result is the same.

It is unnecessary to specially remark the several assignments of error. The learned Judge of the Common Pleas thought the evidence insufficient to warrant a finding by the jury that, in the settlement, the defendants kept the amount of Saylor's check, under an agreement with Yeich to pay the same to Saylor. We think it was ample, and should have been submitted.

Judgment reversed, and *venire facias de novo* awarded.

—*Chicago Legal News*.

## THE LIABILITY OF BANKS TO LOCAL TAXATION.

The following decision by Judge Acheson of the United States District Court for the Western District of Pennsylvania, in the case of *The Second National Bank of Titusville* against *The Mayor and others of Titusville*, is an important one to all who are interested in these institutions. The suit was an application on the part of the bank for a preliminary injunction to restrain the defendants from enforcing collection of a local tax. The bank claimed exemption under the laws of the State, thus raising the question of liability of banking institutions for local taxation, which Judge Acheson disposed of in the following manner.

The plaintiff's claim to exemption rests upon the assumption that section 17 of the Act of Assembly of June 7, 1879, which provides that any bank or Savings institution which collects annually from the shareholders a tax of six-tenths of one per centum of the par value of the shares, and pays the same into the State Treasury before the 20th day of June in every year, shall be exempt from all other taxation, is still in full force. The Court holds that it is not, from the fact that the Legislature on June 10, 1881, passed a supplemental Act which provides that all capital stock, as shall not be invested in real estate, shall be exempt from other taxation. It is further contended by the plaintiffs that the third section of the latter Act is inoperative and void, for the reason that it is in conflict with section three, article three, of the Constitution, which provides that no bill except a general appropriation bill shall be passed containing more than one subject, which shall be clearly expressed in the title. Here again the Court takes the opposite view, holding that the supplement from first to last relates to revenue by taxation, and there is no provision in it incongruous with the original act. The further claims that the same section is in conflict with section six of article three of the Constitution, which provides that no law shall be revived, amended or extended by reference to its title only, and that the section, in so far as it would subject the real estate of National banks to taxation for local purposes, is inoperative and void for repugnancy, are also rejected by the Court.

In reference to the latter claim the Court says: "The argument made for exemption is not satisfactory, and even if the premises were conceded the conclusion sought to be deduced could not be accepted. For it was held in *Hepburn vs. The School Directors*, that shares in National banks in Pennsylvania may be valued for taxation at an amount above their par value. The Act of June 10, 1881, therefore, does unquestionably leave something for its exemption clause to act on, and the argument based upon a supposed repugnancy plainly fails.

"It will be perceived that neither the Act of June 7, 1879, nor that of June 10, 1881, peremptorily imposes a tax of six-tenths of one per centum upon the par value of the shares of stock. Under each of these Acts the payment of that tax is optional with the

banks. The former Act gives the banks the election to pay the specified tax in commutation for all other taxes, for under the laws of the Commonwealth the latter Act gives the banks the like option in commutation for all taxes except that on real estate; the only difference is in the extent of the exemption. It is not pretended that the method of taxation contemplated by this legislation is open to constitutional objections or contravenes the provisions of the National Bank Act. Indeed the plaintiff is satisfied with, and sees the benefit of the Act of 1879. But why could not the Legislature modify that Act by the amendments incorporated in the Act of June 10, 1881? Clearly it was competent for the Legislature to do so. I am of the opinion that none of the objections which the plaintiff has raised against the validity of the local taxation of its real estate for the year 1882, are tenable."

In regard to the validity of the ordinance passed by the Council of Titusville imposing the tax license, the Court says: "It seems to me the ordinance undertakes to tax the operations of National banks, a direct obstruction to the exercise of their corporate powers. I do not see that this license tax is distinguishable from the business tax involved in the case of *The City of Pittsburgh* against *The First National Bank of Pittsburgh*, which the Supreme Court of Pennsylvania, following the authoritative cases of *McCulloch* against *The State of Maryland*, and *Osborn* against *The United States Bank*, adjudged to be unconstitutional."

In conclusion, the Court holds that it does not follow that because the tax is illegal the plaintiff is entitled to an injunction to restrain the collection thereof; that the bill does not bring the plaintiff's case within any of the recognized foundations of equitable jurisdiction; that the ordinance does not undertake to make it a lien, and the bank, therefore, needs no equitable relief. The motion for a preliminary injunction is denied.

---

## LEGAL MISCELLANY.

SIGNATURE OF OFFICER OF COMPANY—WHEN IT DOES NOT CREATE INDIVIDUAL LIABILITY—PRACTICE—DENIAL OF SIGNATURE.—A bill of exchange headed "Office of Belleville Nail Mill Co.," and concluding "charge same to account of Belleville Nail Mill Co., A. B., Pres't, C. D., Sec'y," is the bill of the company, and the officers signing are not individually liable. *Hitchcock v. Buchanan*, S. C. U. S., Oct. Term 1881.

A statute prohibiting defendants in actions upon written instruments from denying their signatures except under plea verified by *affidavit*, does not apply to a case in which the defendants demur because the instrument declared on appears upon its face to be the contract of their principal and not of themselves. *Id.*

RECEIPT—EXPLANATION OR CONTRADICTION OF.—Receipts, though *prima facie* evidence of discharge of an obligation, may always be explained and contradicted by other evidence. Where receipts upon a bond secured by mortgage, which purport to be of money, are shown to be of the obligor's unsecured promissory notes, the burden is upon him who claims the benefit of the discharge evidenced by the receipts, to show that such notes were accepted upon an agree-

ment that they should operate to satisfy so much of the debt. The acceptance of notes for a pre-existing debt will not operate to discharge such debt, unless it be agreed that such shall be its effect. See *Schanck v. Arrowsmith*, 1 Stockt, 314; *Shipman v. Cook*, 1 C. E. Gr. 251; *Freeholders v. Thomas*, 5 id. 39; *Hutchinson v. Swartsweller*, 4 Stew. Eq. 205. See however *Waydell v. Luer*, 5 Hill, 448, and 3 Den. 410; *Hill v. Beebe*, 13 N. Y. 556; *Feldman v. Beier*, 78 id. 293. Also *Myers v. Welles*, 5 Hill 463; *Morris Canal Co. v. Van Vorst*, 1 Zab. 109. Such receipts, if expressed to be in full, would be evidence of an acceptance of the notes in satisfaction unless explained; but if in addition it appear that the obligee was illiterate, of great age, and made her mark to the receipts, at the instance of the obligor who drew them, and who was a near relative in whom she would have a peculiar confidence, the person claiming the discharge will be required to establish that the obligee designed and intended thereby to satisfy the debt evidenced by the bond. *Swain v. Frazier*, 8 Stewart N. I.

**TRANSFER WITHOUT INDORSEMENT—HOW SUIT BROUGHT BY TRANSFERREE.**—If a note payable to order be not endorsed by the transferrer, the holder cannot sue in his own name, for, although the holder may possess the entire beneficial interest, the legal title is still outstanding in the transferrer, and his name should be used to maintain the suit. *State v. High Bridge M. E. Church Assoc.*, 15 Vroom.

If no indorsement be on a note payable to order, and it does not appear on the face of the note that the payee is agent of plaintiffs, the suit cannot be maintained in their name. *Id.*

**ILLEGAL CONTRACT—GUARANTEE ON, NOT ENFORCEABLE.**—Where a bank charter contains a clause that no director of the corporation shall be indebted to it, either directly or indirectly, at any time, to an amount greater than seventy-five per cent. of the capital stock held by him in good faith as his own, and a director has become indebted to the bank in excess of such sum, a note given by him to the bank for a further sum will be illegal and void, and any guaranty of a third person of its payment, being in aid and furtherance of such illegal contract, will be equally void, and no recovery can be had upon such guaranty, although the guarantor is not a director. *Workingmen's Banking Co. v. Rautenberg*, 103 Ill.

**USURY—WHAT IS.**—The defendants, having no money of their own to loan, solely at the request of the orator, and for his benefit, borrowed money, and loaned it to him under an agreement that they were to receive the same rate of interest from him that they were compelled to pay, and also, two per cent. for their expenses and credit, which agreement the master found was reasonable. The orator paid according to the contract, and the defendants paid the same to their lender. *Held*, 1, that the money so paid by the orator was not usury; as the defendants acted *bona fide*, and had no intention of contracting for usurious interest; and have not received to their own use more than the legal rate. 2. But, that was usury, which was paid in excess of the legal rate, during that portion of the time when the defendants, by reasonable diligence, could have borrowed the money for six per cent. *Ricker v. Clark*, 54 Vt.

## CURRENT EVENTS AND COMMENTS.

*THE VALUE OF PUBLIC BUILDINGS.*

From the figures of the official assessment it appears that the Capitol Building is assessed at \$15,699,556, and the grounds at \$7,907,595. The White House at \$753,590, and the Executive stables at \$28,500. The Treasury Department Building and grounds are assessed at \$7,008,454; the State, War, and Navy Department Building, \$6,211,161; the Agricultural Department Building, \$331,825, and the grounds \$689,086; the Smithsonian, \$492,651, and the National Museum, \$250,000, and the grounds \$2,553,378; the National Monument grounds \$1,815,781, and the Washington Monument, \$300,000; the National Observatory grounds, \$125,861, and the building, \$255,284; the Patent Office Building and grounds, \$3,754,883; the Arsenal Building, \$233,324, and grounds, \$1,221,607; the Marine Barracks ground, \$31,235, and buildings, \$329,637; the Naval Hospital, \$7,198,128; Bureau of Engraving and Printing, grounds, \$27,612, building, \$327,537; Winder's building, used by Engineers' Bureau of the Army, \$214,367; the United States Medical Museum, \$96,280; General Post Office, ground, \$312,495, building, \$2,124,500; Government Printing Office, \$236,000; Judiciary Square and City Hall, \$1,399,713; United States Jail, \$525,550; United States Navy Yard, ground, \$1,413,500, buildings and wharves, \$3,615,808; Botanical Gardens, grounds, \$1,462,251, buildings, \$556,676, hot house, \$58,598. The aqueduct is valued at \$3,847,547, and water pipes and plugs \$172,276. The intersections of streets, circles, and spaces are put down at \$4,682,942. The Department of Justice, ground, \$150,000, and building, \$150,000; the Government Insane Asylum, \$1,349,775; the Reform School, \$221,056; the Soldiers' Home, grounds, \$333,947, building, \$350,000; Naval Magazine, \$95,000; the Georgetown Post Office and Custom House, \$63,767.

*WHERE THE BULLION COMES FROM.*

California for a number of years stood at the head of the mineral-producing States. Within one year from the discovery of gold in that State, in 1848, \$10,000,000 in gold had been extracted by the crude materials then used for mining, and at the close of 1849 \$40,000,000 had been taken out. This product steadily increased up to 1853, when it reached its maximum, \$65,000,000, and up to the present time, the total has been a little over \$1,500,000,000. Mining began in Oregon in 1822, in Arizona in 1858, in Colorado in 1859, and in Idaho and Montana in 1860. The first location of a mining claim in Nevada was made on Gold Hill, in that territory, in April, 1858. Peter O'Reilly discovered the existence of silver on what is known as the Comstock lode, the richest silver vein of which there is any record or account in modern history. In 1861 the Comstocks produced nearly \$2,000,000 in silver and an equal amount in gold, and in 1767-77 they turned out \$49,000,000, wholly from the Comstocks, and during the past twenty years this lode alone has contributed \$325,000,000 to the commerce of the world. In an incredible short space of time the Consolidated Virginia and California mines yielded \$100,000,000 and paid dividends to the amount of \$65,000,000.



The bullion production of the Consolidated Virginia for the eight years, ending with 1880, was as follows:

Gold, \$29,075,338; silver, \$35,895,438; total, \$64,970,777. Fifty-three dividends have been declared, ranging from fifty cents to \$10 per share, amounting to \$42,930,000. In a brief statement of the amount of work expended upon the Comstock mines may be gained from the fact that the length of the shaft and galleries is 250 miles. During twenty years just closed, over 350,000,000 tons of waste rock have been hoisted, 1,720,000,000 tons of water pumped up to the surface, amounting in all to \$325,000,000.

The total product of Nevada, Colorado, Idaho, Montana, Dakota and Oregon has amounted to over \$150,000,000. British Columbia has a product of \$45,000,000. The production of American gold and silver in 1881 was \$78,600,000. In recent years the amount has not fallen below \$70,000,000, and has reached as high as \$97,500,000. The yield of gold west of the Mississippi River in 1881 was \$31,869,686; of silver, \$45,077,829; of lead, \$6,361,902; of copper, \$1,195,000; total \$84,504,517. The annual product of the gold mines of North America is estimated at \$59,000,000, which is equal to one-half of the whole production of the world.

#### WOOLEN MACHINERY.

The statistician makes known on the authority of good judges that a woollen mill requires thorough renewal every double decade. There are altogether 9000 sets of woollen machinery in the country. The number worn out and replaced every year is estimated at 450 sets. This includes 1300 or more cards and spinning mules, with 10,000 to 15,000 looms. The price of mules varies from \$750 to \$900, according to the number of spindles. To replace the mules worn out every year the sum of nearly \$1,250,000 is expended. The average durability of the machinery of a mill is about twenty years. The durability of different pieces of machinery varies. A set of cards used carefully may last half a century. The clothing on them may be renewed every five years. Looms are long lived. They may continue in use fifty years, but generally twenty years' service is about as much as they can render. The mules' average time of durability is fifteen years. A set of cards comprises generally from three to four separate carding machines. In manufacturing different styles of woollens there are thirty-five or forty different processes and nearly every process calls into use a different kind of machine.

#### THE DOMINION LANDS OF CANADA.

The annual report of the Minister of the Interior (Sir John A. Macdonald) was presented to the Dominion Parliament during the last session. The returns from the land agencies in Manitoba and the North-West Territory show that the number of acres disposed of for homesteads, pre-emption, and by ordinary sales during 1881, amounted to \$1,057,519. This is exclusive of the land sold by the Hudson's Bay Company, the Canadian Pacific Railway Company, and other corporations; and it does not include the many settlers who have established themselves on lands which have not yet been surveyed. Satisfactory progress is being made by the Survey Department, 9,000,000 acres having been laid out into townships and subdivided into sections and quarter-sections during the year. The amount of field work in this may be judged from the fact that it involved the demarcation and measurement of over 23,000 miles of survey line. The report also deals with the visit of his Excellency

the Marquis of Lorne to the North-West Territory in the autumn of 1881, which is said to have had the effect of creating a widespread interest in its mineral and varied resources, and in its suitability for the settlement of the surplus agricultural and mechanical population of Great Britain and other European countries. A large portion of the blue-book is taken up with the reports of surveyors as to the soil and climatic conditions of the different parts of the North-West in which they have been carrying on their work, and which are not dealt with in the pamphlets that have been written and published about Canada. They appear to confirm previous experience that the more the North-West is surveyed the larger is the proportion of its area, than previously estimated, found to consist of cultivatable, fertile land. It is also found that, even in districts formerly supposed to consist exclusively of prairie, there are groves of timber in river bottoms and on certain wooded hills that insure a fair supply to meet the need of ingoing settlers for fuel and building timber. The services of the North-West Mounted Police are highly spoken of. The Indians throughout the territory are reported as being in a satisfactory condition, and it is stated that the various measures adopted for the education and instruction of the tribes in farming operations are being attended with gradual success.

#### *LOCOMOTIVES FOR THE HAULING OF CANAL BOATS.*

The first experiments in using locomotives for the hauling of canal boats, the rails being placed on the banks of the canal, were made in France in 1879. A company was then started for the purpose, and the results obtained were satisfactory. The company originally tried this system on the canals from Neufosse and from Aire to la Basse, which have a length of sixty kilometers. The locomotive, which weighs five tons, can haul five or six boats, or a floating weight of 1000 tons. The speed is four kilometers an hour. During the last experiment the results are said to have been so satisfactory that the method has been introduced on all the canals of the Department de Nord from Lille and Dunkirk to Flanders.

#### *ACCIDENTS IN GERMAN FACTORIES.*

A census of accidents was taken in German factories and manufacturing establishments during August, September, October and November of last year. The inquiries extended over 93,554 shops and factories, employing 1,615,252 workmen and 342,295 women. During the four months, 662 were killed. Eleven of these were women. There were 123 rendered entirely incapable of work, and 427 were partially incapacitated. Temporary loss of work by accident came to 27,644 men and 708 women. At this rate, the accidents for the year would be 88,722, or about forty-five per 1000. The total loss of days in the four months was 549,559. The sufferers losing over twenty-eight days numbered 5681. The coal mines, which employ 187,522 workmen, showed the largest number of accidents, 292. Iron and steel works had eighty-six accidents. They employ 115,128 persons. Machine shops, with 161,069 workmen, had seventy-seven accidents. The occupations classed according to the degrees of danger and the number of fatal accidents stand thus: Mines, building works, chemical works, distilleries and sugar-beet mills, quarries, works for lighting and heating (gas), saw mills and wood works, machine works, metal works, paper mills and tanneries, textile factories, printing and photographic establishments.

## SURETIES ON BOOKKEEPERS' BONDS.

The Court of Appeals of New York, in the case of the *National Mechanics' Banking Association* against *Enos S. Conkling and others*, has rendered a decision, in which all the judges concur, of wide-reaching importance in regard to bonds given by bookkeepers and other employees of banking and mercantile houses to insure the honest and faithful performance of their duties. Joseph C. Conkling was employed by the plaintiff bank in 1863 as bookkeeper, at a salary of \$400. To insure his fidelity a bond was executed by the defendants in this suit which contained the following conditions: "Whereas, the above named, The Mechanics' Banking Association, have appointed the above named Joseph C. Conkling to the office of a bookkeeper of the said association; and the said Joseph C. Conkling hath accepted the same and consented to perform the duties thereof, now the condition of this obligation is such that if the above named Joseph C. Conkling shall faithfully fulfil and discharge the duties committed to and the trusts reposed in him as such bookkeeper, and shall also faithfully fulfil and discharge the duties of any other office, trust or employment, relating to the business of the said association, which may be assigned to him, or which he shall undertake to perform; and shall also, without neglect or delay, inform the President and Cashier of the said association of any embezzlement of the money, property or goods belonging to, and of any fraud whatever committed upon, the said association: of any false entry, error, mistake or difference of accounts in the books thereof, which he may discover, or which shall come to his knowledge as such bookkeeper as aforesaid, or while engaged in any other office, duty or employment relative to the business thereof, and which he may discover, or which shall come to his knowledge, in any matter or thing whatsoever appertaining thereto; and shall also faithfully keep all the secrets of the said association; then the above obligation to be void, otherwise to remain in full force and virtue."

Mr. Conkling continued to be bookkeeper until 1870, his salary being increased year after year. In 1870 he was appointed the receiving teller of the bank at an increased salary, and he continued to be and to act as such teller until October, 1879, when he resigned. Then the bank officers discovered that \$2700 of the bank funds had been embezzled by him. The bank brought the present action against the sureties on the bond to recover the amount embezzled. Judge Earl, who writes the opinion of the Court of Appeals, says: "There was no breach of the condition of the bond while Joseph held the employment of bookkeeper, and the question to be determined is whether, according to the conditions of the bond, the sureties are liable for the embezzlement committed by their principal while acting as teller. We have come to the conclusion, not without some hesitation and doubt, that they are not. . . . Here the sureties undertook for the fidelity of their principal only while he was bookkeeper; but if, while bookkeeper, the duties of any other office, trust or employment, relating to the business of the bank, were assigned to him, their obligation was also to extend to the discharge of those duties. While bookkeeper he might tempo-

rarily act as teller, or discharge the duties of any other officer during his temporary illness or absence, or he might discharge any other special duty assigned to him, and while he was thus engaged the bank was to have the protection of the bond. There are no words binding the sureties in case of the appointment of their principal to any other office. They might have been willing to be bound for him while he was bookkeeper, or temporarily assigned to the discharge of other duties, but yet not willing to be bound if he should be appointed teller or cashier, and, as such, placed in the possession or control of all the funds of the bank. This is a case where the general words subsequently used must be controlled and limited by the recital. A surety is never to be implicated beyond his specific engagement, and his liability is always *strictissimi juris*, and must not be extended by construction. His contract must be construed by the same rules which are used in the construction of other contracts. The extent of his obligation must be determined from the language used, read in the light of the circumstances surrounding the transaction. But when the intention of the parties has thus been ascertained, then the courts carefully guard the rights of the surety, and protect him against a liability not strictly within the precise terms of his contract."

### PRICES AND PROFITS OF BONDS.

The following is a table showing prices (flat and net) of, and rates of interest realized to investors on, the four-per-cent. and four-and-a-half-per-cent. securities of the United States redeemable after July 1, 1907, according to daily quotations in the New York market, during October, prepared by the Government Actuary:

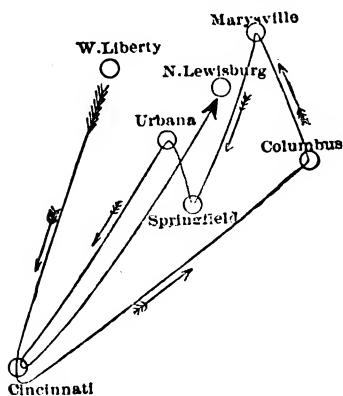
Date— Oct. 1882.	Prices, including Accrued Interest (Flat).		Prices, Not Including Accrued Interest (Net).		Rates of Interest Realized to Investors. Per Cent.	
	4%	4½%	4%	4½%	4%	4½%
2..	118.6875	112.7500	118.6766	112.3668	2.942	2.955
3..	118.6875	112.7500	118.6658	112.3544	2.943	2.956
4..	118.6875	112.7500	118.6549	112.3420	2.944	2.958
5..	118.6875	112.6875	118.6440	112.2672	2.944	2.966
6..	118.6875	112.7500	118.6332	112.3173	2.945	2.961
7..	118.8750	112.8750	118.8098	112.4299	2.936	2.947
9..	119.5000	113.1250	119.4136	112.6552	2.904	2.922
10..	119.5000	113.2500	119.4622	112.7679	2.905	2.909
11..	119.2500	113.1200	119.1413	112.6255	2.919	2.925
12..	119.1200	113.1200	119.0004	112.6131	2.926	2.926
13..	119.1200	113.1200	118.9896	112.6108	2.927	2.927
14..	118.8750	112.8750	118.7337	112.3434	2.939	2.957
16..	118.9375	112.8750	118.7745	112.3187	2.937	2.961
17..	119.1250	113.0000	118.9511	112.4313	2.928	2.947
18..	119.3125	113.0000	119.1277	112.4190	2.919	2.949
19..	119.5000	113.1250	119.3043	112.5316	2.911	2.935
20..	119.6875	113.2500	119.4810	112.6442	2.902	2.923
21..	119.7500	113.2500	119.5326	112.6319	2.899	2.924
23..	119.5625	113.1250	119.3234	112.4821	2.909	2.942
24..	119.6250	113.1250	119.3750	112.4668	2.907	2.943
25..	119.6250	113.1250	119.3641	112.4572	2.907	2.944
26..	119.6875	113.1250	119.4158	112.4461	2.905	2.945
27..	119.6875	113.2500	119.4049	112.5577	2.906	2.933
28..	119.5625	113.1875	119.2690	112.4828	2.912	2.942
30..	119.6250	113.2500	119.2098	112.5306	2.910	2.936
31..	119.6250	113.2500	119.2989	112.5082	2.911	2.931

## THE COLLECTION OF COUNTRY-BANK CHECKS.

Among the annoyances to which banks and bankers are subjected by the competition for depositors' accounts, there is probably none more generally felt than that arising from checks upon country banks. The custom of taking these checks on deposit at their face, though a pernicious, is almost a general one. Receiving such checks at par, the bank naturally seeks to collect them without expense, and to effect this they must often be sent to other points instead of going directly to the place where payable. This subject was well considered a few weeks ago by the *Cincinnati Gazette*, and the discussion led to some illustrations which through the courtesy of the *Gazette* we are enabled to reproduce for the benefit of our readers.

The account began by stating the astonishing trip which a bank check made all over the State of Ohio, in order to reach a place twenty miles distant from the starting point. That check was only a specimen of a large number of country checks, and drafts also, which are thus sent from one bank to another to escape the payment of a small collection charge, the bank first receiving it not having charged its customer anything. In that article the danger of having a check out a week or more before it is presented, and the immense amount of trouble to the banks, were pointed out. This has been a growing evil, and many country merchants, depending on checks being out a week or more, pay bills with them, and trust to luck to be able to deposit the money before their presentation, and in accepting such checks city merchants are encouraging a loose way of business.

The Third National Bank of Cincinnati, used the *Gazette* article as the basis for a circular which they sent to banks all over Ohio, Indiana, Kentucky, and several other States. Regarding all parties to such modes of collection as liable in cases of loss, they refuse to receive any collection items that have been in Cincinnati before, and request correspondents to return all items they might receive from the bank which they cannot collect direct. A diagram of the check mentioned above is annexed.

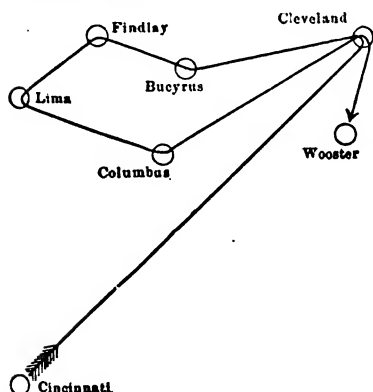


In answer to this circular, for several days the bank received by almost every mail acknowledgments and thanks for the move they had made to discourage so foolish a practice. A banker at Columbus writes, suggesting a meeting of bankers to consider this system of collecting out-of-town checks, an outrage on common sense: "We not only suffer loss," he says, "and inflict loss upon others in the way of book keeping, postage, stationery, and interest, but we pay a tax of 1-24 per cent. a month on deposits, which are in no sense deposits, but simply items in process of collection. A check for \$48 on Mt. Gilead, he says, was deposited in a Columbus bank. To avoid the expense of col-

lection it was sent to Cincinnati, then to Cleveland, to Uhrichsville, Coshocton, Newark, back to Columbus again, then to Cardington and Mt. Gilead, as in the following diagram.

This draft took eight days at least to reach its destination instead of being there on the day it started, and traveled about 650 miles instead of sixty miles. As it was not paid, it had to be sent back through the same hands again, and during twenty-three days this worthless check stood on the books of the bank to the credit of the depositor, and the bank was actually taxed two cents on it, which looks like adding insult to injury.

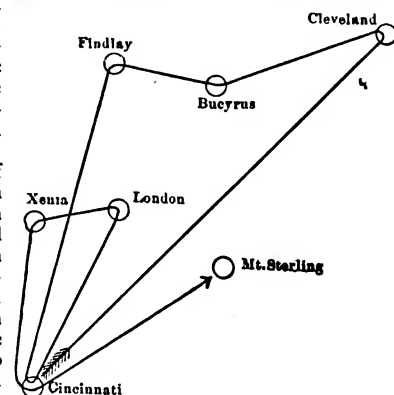
Some days ago a check was sent from here to Cleveland drawn on Wooster, O. This check was sent from Cleveland in a direction directly opposite from Wooster, to Bucyrus, then still further off to Findlay, then to Lima and Columbus, back to Cleveland, then to Wooster. This check was out eight days at least, instead of two at most.



A banker at Anderson, Ind., writes of a sight draft that took eight days to be seen, coming from Covington, Ky. He says he also received a note for collection that was past due, having been all over the State, of course releasing all the indorsers. A Pomeroy, O., bank has a check for \$7.50 with eleven indorsements, and a draft on a man in Huntington, W. Va., for \$6.75 went from New York to a Wheeling bank, to another Wheeling bank, to Parkersburg, to Cincinnati, and then back to Huntington, and not being paid, had to be returned the same way it came. The banker at Huntington therefore requests that no drafts on him coming from points east of him be taken for collection here, and he promises to send none to Cincinnati which have been

there once already. There is a bank on Circleville, directly south of it, by way of Cleveland, Mt. Gilead, and another Columbus bank. But a check on Mt. Sterling, O., which an enterprising Cincinnati banker sent to Cleveland ran perhaps the most erratic course, going through Cincinnati twice more before it at last reached its destination, there being three banks on Third street that held this check:

A Pittsburgh bank with a capital of but \$200,000 sends out a circular, as an inducement to secure "your Pittsburgh account," agreeing to credit as cash all checks or sight drafts on Pittsburgh and vicinity, Philadelphia and all Eastern Pennsylvania, New York City and all the State of New York, Boston and all New England, Baltimore and all Maryland and Virginia; also many points in Western Pennsylvania and Eastern Ohio, Illinois, and Indiana, including Chicago, Cleveland, Cincinnati, Louisville, etc.



This bank would be a very valuable correspondent if all this were true, and all these items could be collected direct through it. But the way in which small banks secure so long a collection list (and not many of them pretend to such a list as the above) is about as follows: For instance, referring to the third diagram above, the second banker at Cleveland has a correspondent at Wooster; he has given the Columbus bank a collection list including Wooster; he has made this his list (adding a number of places, perhaps, which a Cincinnati or Toledo bank has given in their list), and sends it to Lima; so the list with further additions, it may be, is given the Findlay bank, then to Bucyrus, then to the Second Cleveland bank, who having Wooster on the collection list given him by Bucyrus, gives it to the Cincinnati bank. Of course collection lists are not always made so, but it is often the case. The second bank at Cleveland, or the third bank at Cincinnati, in the last diagram, might just as well have collected that check for the other banks in their city at once.

Would it not be much better for all concerned to pay from ten to twenty-five cents for the collection of small checks and have them promptly paid? The country banks, as well as those in the cities, object to the present system of collection, and merchants should be willing to pay their bank the actual cost of direct collection on points where the bank has no correspondent. If they are not willing to do this, they should not accept checks from all sorts of villages, for, as one banker writes, "Is not the remedy with city merchants and city banks in refusing to receive them?" Every branch of the banking business should be made self-sustaining, and people who borrow money should not be made to pay for the free collection of the checks and drafts of others.

**RUSSIAN DEBT.**—Russia is about to enter the markets of the world with another loan, which may once more prove attractive, for the simple reason that Russia has never failed to pay interest in coin. The debt of Russia amounts to about four thousand million rubles, equal to \$2,632,000,000, of which \$658,000,000 consists of paper money not secured by a metallic reserve. The other \$1,974,000,000 draws a higher rate of interest; but the bonds are almost as cheap as those of Austria, where the gold rentes bearing four per cent. rule below ninety-six, while the gold rentes bearing six per cent. rule below 120. The trouble about the Russian finances, however, is this, that most departments are in the habit of expending what they please. Thus, during the last fiscal year, the Russian War Department expended 56.2 million rubles, and the Navy Department 57.2 millions beyond the estimates of the budget. It is believed that the credit of Russia would be excellent, if the expenses could be cut down to rational and honest limits.

**INCOME OF GERMAN EMPIRE.**—The available income of the German Empire during its fiscal year 1881-82 was 726,119,441 marks; the total expenditure was 701,042,327 marks, or about 175 million dollars. The budget of the German Empire is relatively and absolutely very small, partly because every State has autonomy and a local budget, partly because the public service is exceedingly cheap. So it happens that the gross budget of Prussia is larger than that of the whole Empire. The income of the latter is derived in the main from Custom-House duties and State contributions, while sugar, salt, tobacco, whiskey, and beer yield a small internal revenue. The chief expenditure is for the army and navy, for pensions and interest. It is a mistake to think that a country of over forty-five million people is heavily taxed for imperial purposes when it pays but about 170 million dollars a year, or considerably less than four dollars per head. We pay in this country almost twice as much, and the parallel between Germany and this country is complete, while a general comparison between our federal budget and that of France or England is not.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. TAXATION OF NATIONAL-BANK NOTES.

A correspondent writes : Under sections 3701 and 5413 of the Revised Statutes it would seem that National bank notes in the hands of persons are exempt from taxation the same as legal-tender notes.

Is this a correct view of the matter?

REPLY.—In the case of *Horne v. Green*, 52 Mississippi 452, decided in 1876, it was held that not only were United States Treasury notes exempt from taxation, but that the National-bank notes issued by the National Banking Associations, under the authority of Congress, were also obligations of the National Government and were not taxable, the court giving as a reason for their decision that the only difference between them and the legal-tender notes was, that the Government was primarily liable for the latter and secondarily liable for the former, upon the failure or default of the National bank issuing the notes.

## II. BANK LIEN.

Brown's note made payable to Smith, and indorsed by the latter, was discounted, and the proceeds passed to Brown's credit and used by him. When due, the note was protested, Brown paying no attention to it.

Smith having sufficient funds in bank to pay it, can it be charged to his account without consulting him?

REPLY.—The general principle establishing the lien of banks on the money of their depositors is thus laid down in the third volume of *Abbott's United States Digest*, where a large number of cases are brought together. The title to money paid into a bank as a deposit and passed generally to the depositor's credit belongs to the bank, and the relation of debtor and creditor is created between them, and the bank may apply the money to the payment of any demand it may have against the depositor. *First Series, Title Banking* 84, p. 505. The leading case on the subject is the *Commercial Bank of Albany v. Hughes*, 17 Wend. 94. In examining the reports somewhat, we have found no case in which a bank has charged a depositor who was the indorser of a note. In all the cases examined the depositor was the maker. But we see no reason why the lien should not attach in the one case the same as in the other. The liability of the indorser to the bank is just as great as that of the maker after the maturity and non-payment of the note.

## III. ANOTHER CASE OF BANKER'S LIEN.

Can a note which has matured and is unpaid by the drawer be charged to the account of the indorser, who is a depositor and for whom the note was discounted, upon notification of such non-payment by the Cashier, without being protested?



REPLY.—We think the general principle found in the reply to the former question will cover this also. In this case, the depositor is notified and that is sufficient. It is a well-settled rule of law that in order to subject the indorser of a note or inland bill a notarial protest of its dishonor is not necessary. Abbott has collected numerous authorities on the point. See *U. S. Dig.* vol. 2, Tit. Bills and Notes 2289, p. 798. Of course, protest is usually given, but the law is as we have stated.

MANUFACTURE OF PAPER MONEY.—Recent discussions about the signing of the new gold certificates bring into notice the interesting process of the manufacture of American paper money. United States notes are printed on paper made in Dalton, a small town in Massachusetts, and each blank sheet of the peculiar paper used is guarded almost as carefully as if it were already printed and signed. The mill in which it is made is one of the oldest in the country, having been established in colonial times. The grayish pulp which is the embryo form of the paper passes between heavy rollers, and, as it moves along, bits of blue and red silk thread are scattered over its surface. From the pulp-room to the vaults in which it is stored until it is sent to Washington it is jealously watched. It is carried to Washington in small iron safes, like those used by the express companies, and some of it is kept in the Treasury vaults for years, until it is needed. The mere possession of any of this paper by an unauthorized person is a felony. More than a thousand persons are employed in the Bureau of Printing and engraving, at wetting, plate-printing, examining, pressing, numbering, binding, and engraving. The bank-note plates and stamp dies are kept in vaults that can only be opened by the joint labor of three men, and each opening occupies more than fifteen minutes. All the Presidents, except the present one, have been portrayed on the bank notes, and three Vice-Presidents, twenty-four Secretaries of the Treasury, ten Secretaries of State, six Secretaries of War, and three Postmasters-General and Chief-Justices, besides twenty-six Senators and Representatives, and several persons distinguished in science and literature. The highest value in National-bank notes is \$1000. The printing of a bank note requires from twenty-two to twenty-four days, and during the process it passes through the hands of fifty-two persons. The highest denomination of the legal-tender notes is \$10,000. There are also \$5000, \$1000, and \$500 notes. During the last year there were printed by the Government \$16,000,000 worth of legal-tender notes, \$68,000,000 of National-bank currency, \$87,000,000 of bonds, \$38,000,000 of silver certificates, and 684,459,615 stamps for the Internal Revenue Department.

A RICH MINE.—The supposed "richest mine in the world" is a tin mine in Tasmania, which is said to produce ore seventy-five to eighty per cent. The best test, however, is the fact that while \$6.25 have been paid upon each share, the present market price is from \$300 to \$345, the company during the last four years having paid a dividend every two months of \$2.50 per share. A fortunate stockholder, who expended \$4,375 in the purchase of 700 shares, in 1873, now rejoices in the receipt of \$10,500 a year as the income of his investment.

AN UNTAXED COMMUNITY.—Near Aschaffenburg, in Bavaria, is a small community which enjoys an envious prosperity. It is the owner of a rich clay pit which yields so large an income as to obviate the necessity of imposing commercial taxes, and also enables the Selectmen to pay 100 marks every year to each adult inhabitant. Some years ago, when the town built a bridge across the Main that cost 200,000 marks, there were given to each adult 10 marks and to each school child 50 pfennigs on the day the bridge was formally opened.

## BANKING AND FINANCIAL ITEMS.

**PENSIONS.**—From the report of the Commissioner of Pensions for the last fiscal year it appears that on June 30 there were on the rolls 285,695 persons, of whom 78,401 were widows, minor children, or dependent relatives of soldiers or sailors who had fought in the civil war. There remain on the pension rolls 7134 survivors of the war of 1812, and the somewhat extraordinary number of 24,661 widows of those who served in that war. Of the veterans of 1812, 1764 seem to have died during the year, a mortality of about twenty per cent., while among the widows the deaths were apparently but 1368, a mortality of a little over five per cent. The net increase on the entire list during the year was 16,867, against 18,028 for the year ending June 30, 1881. There are 290,966 claims, or more than the entire number already enrolled, now pending. The annual expenditure for pensions, which at the close of the war was some sixteen millions of dollars, has now, including payments on account of arrears, reached about fifty-six millions. The total disbursements for pensions made during the last twenty years amount to \$560,641,324, a total which, under existing laws, will certainly be exceeded by the expenditures chargeable to the same source during the next ten years. But, then, as Senator Ingalls was accustomed to remark, only "a cheap and constipated soul" could haggle over a few hundred millions more or less for such a purpose.

**PUBLIC DEPOSITORIES.**—Secretary Folger has authorized the Second National Bank, at Peoria, Ill., to deposit four-per-cent. bonds at their market value, instead of their face value as heretofore required, as security for public moneys in place of the called bonds now held as security. The Secretary reserves the right to draw upon the bank whenever the balance becomes so large as to render the security insufficient. Secretary Folger says this arrangement was a private one, applicable only to the bank at Peoria. The charter of that bank was about to expire and the directors were undecided whether to continue as a National bank or become a private banking institution. It is one of the most important public depositories, its receipts during the last fiscal year from internal revenue alone amounting to more than eleven millions. Only one National depository—that in Cincinnati—received a sum larger than that named. It was desirable to retain this bank as a National depository, and hence the concession was made. Secretary Folger was asked whether he would not be compelled now to extend the same privilege to all National banks which are designated public depositories. He said that he expected they would all apply now for the same privilege, but the concession would become a matter for future consideration.

**PAYMENT OF AN OLD CLAIM.**—The Treasury Department received from the trustee of the bankrupt estate of Jay Cooke & Co., on the tenth of November, the sum of \$2500 in payment of a claim of \$2000. In 1874 a Mr. Mason proposed to compromise his indebtedness to the Government, on official account, by the payment of \$2000. His friend, one Seymour of Boston, brought the money to Washington for that purpose, but the department routine being slow, the money was deposited with Jay Cooke & Co. by Seymour, in his own name. In the meantime Seymour died, and Jay Cooke & Co. became bankrupt. When the debt was subsequently compromised a written assignment to the United States from his administrator of the deposit account was accepted and claim was accordingly made by the Government on the trustee of Jay Cooke & Co. The claim, however, was treated as that of the depositor Seymour by the trustee, and the dividends declared from time to time were set aside and retained. Part of these dividends were in scrip or stock of the Northern Pacific Railroad, which was at the time of small value. This scrip or stock remained with the trustee until recently, when it was transferred to the Government, which thereby received not only the amount of the original claim but twenty-five per cent. additional.

**A NEW SAFETY PAPER.**—Some months since we alluded to the success attained by Messrs. John Underwood & Co., of this city, in the manufacture of a paper of which the slightest alteration is shown irretrievably. Instead of depending upon the superficial protection of a colored surface, this paper is made upon a plan radically different. Beginning at its raw state, a combination of chemicals is placed *in the paper*, continuing through all the stages of the manufacture to its completion. These chemicals render the paper so extremely sensitive that the least touch of acid, chloripec or alkali, will produce a deep and distinct stain, and the inventor claims positively that when once stained there is no power in chemistry to re-tore the original color. This means absolute safety against alteration, and as such, in the words of a Syracuse bank officer, the invention is "a God-send to the banks."

**CHICAGO.**—The National Bank of America at Chicago is organized by stockholders of the Fifth National Bank of that city, and will succeed to the business of the latter on January 1st. The stockholders of the Fifth National subscribe for \$700,000 of the capital stock, while \$300,000 is taken by parties whose business and influence are desired, at a premium of \$40 per share. This gives the new bank from the start a paid-in capital of \$1,000,000, and surplus of \$120,000. The officers will be Isaac G. Lombard, President; Byron P. Moulton, Vice-President; Edward B. Lathrop, Cashier; Charles A. Tinkham, Assistant Cashier.

**MONTANA.**—A new banking house has been established at Miles City, being under the well known name of Stebbins, Post & Mund. The partners are W. R. Stebbins, M. E. Post, H. H. Mund, John J. Coleman. Cashier, John J. Coleman.

**SOUTH CAROLINA.**—The First National Bank of Charleston has been made a United States Depository. Under the efficient management of its President, Dr. Andrew Simonds, this bank has attained a well-deserved prosperity.

**CHARLESTON, S. C.**—At the recent meeting of the American Bankers' Association, Dr. Andrew Simonds, President of the First National Bank of Charleston, declared that the present State authorities would certainly pay regularly the interest on the State debt, and that the debt of the City of Charleston, which was \$5,241,700 in 1870, was now only \$4,264,000, and that the annual interest charge had been reduced from \$314,500 to \$183,400, four-fifths of which were funded in four-per-cent. bonds, and those drawing higher rates matured at early dates and would be paid at maturity. He added that in a few years the debt would be reduced to \$3,500,000 of four per cents., with a fixed annual interest of \$140,000.

**CANADIAN LOAN COMPANIES.**—The loan companies of the Dominion of Canada have become an important factor in the business of the country. The returns for the year ending March 1, which have recently been published, show that there are 102 companies, of which Ontario has 73, Quebec 24, New Brunswick 2, Manitoba 2, and Nova Scotia 1. Five of this aggregate have been merged in other companies or gone into liquidation. In 1851 there were but two of these companies in Ontario. The assets of eighty of the companies which report the item amount to nearly \$70,000,000. Nine years ago the assets of the twenty-three companies then in existence were less than \$11,000,000. The companies are authorized to receive money on debentures, and the amount thus held exceeds the deposits by more than fifty per cent., the debentures fund being \$21,913,828. The rate paid for deposits is lower than for debentures, but the debentures have the advantage of being payable at fixed dates. The *Toronto Globe* says the opening of the North-west is bringing forth a crop of kindred companies with sufficient rapidity to make cautious men hold their breath, and that the Dominion may be plunging into depths it cannot fathom.

CANADA.—The branch of the Federal Bank of Canada, at Montreal, was opened on October 30th, in very handsome premises and with every prospect of doing a fine business. The manager of this new branch is Mr. W. J. Ingram, until recently Assistant General Manager of the Merchants' Bank of Montreal.

DEBT OF MEXICO.—The *Financier*, a new paper published in the City of Mexico, devotes considerable space to an earnest plea for a settlement of the National debt. It says that Mexico is justly bound to pay its creditors about \$125,000,000. The \$200,000,000 of debt contracted under Napoleon and Maximilian, when those worthies were striving to conquer Mexico, it believes, should not be paid, but repudiated in toto. The *Financier* understands that the Exchequer of the Republic is in splendid condition, and it has no doubt that the country is on the straight road to an unprecedented prosperity. With her present resources, it sees no reason why Mexico cannot refund her entire debt at favorable rates. If new bonds at five per cent. were issued, the *Financier* would expect to see them speedily taken up.

SOME ACCOUNTS IN THE BRITISH LEDGER.—The Exchequer received during the past year a sum of £2300 on account of profits on farms cultivated by convicts, and the large sum of £16,000 for profits on convict manufactures, exclusive of another sum of £8800 for "profits on prisoners' labor." On turning to the credit side of the ledger, we find ourselves floundering among a mighty host of State pensioners, some of a perpetual nature and others but temporary. As a handsome item of compensation for the "abolition of office," we may *en passant* quote the case of the Receiver of the Duchy of Cornwall and his deputy, who receive for "loss of office on the abolition of the duties on the coinage of tin," &c., an annual allowance of £17,000! The royal family heads the list of annuitants, commencing with the Crown Princess of Germany (Princess Royal), £8000 and ending with the Princess Mary (Duchess of Teck), who receives £2000. The whole amount under this head, not including, of course, the amounts granted this year on the marriage of the Duke of Albany, is £161,000. Next in order come the civil list pensions, which amount in the aggregate to the sum of £22,589. The names of the recipients of these pensions are not given, probably on account of the number, as there must be quite an army of them, seeing that no more than £1200 per annum is granted to the Crown by Parliament for this purpose. Thirty-eight thousand one hundred and sixty-six pounds per annum is absorbed by the pensions for distinguished military services. At the head of this list stands the famous Duke of Marlborough, to whom and to whose descendants "forever" Parliament granted the yearly sum of £4000 besides a splendid palace to live in and estates around it. Lord Napier of Magdala closes the list with a pension of £2000, which is to last for two lives only.

---

## OBITUARY.

Mr. EDWARD A. UHLER, recently Cashier of the Lebanon National Bank, at Lebanon, Pennsylvania, died at his residence at that place on November 4th, aged sixty-eight years. He was a native of Pennsylvania, as were his progenitors for four generations before him.

He entered the bank mentioned in the year 1836, and for a period of forty-five years labored in its service, the last twenty-five as its Cashier. During this time he filled various other offices, among them, President, Treasurer and Trustee, in turn, of the Lebanon Manufacturing Company, School Director, Treasurer of the Borough and of various other business associations; and few laudable objects were undertaken to which he did not contribute his active interest and support. Mr. Uhler's scrupulously honorable business principles and earnest fidelity in the fulfilment of the many trusts confided to him in a long career of business life, placed him among the foremost of the esteemed citizens of the community in which he lived.

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 395.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY.	Nat'l Broadway B'k.	A. T. J. Rice, <i>A. C.</i>	.....
COL.....	Merch. & Miners' Bank,	P. J. Sours, <i>Pr.</i>	F. W. DeWalt.
"	Rosita.	M. D. Sours, <i>Cas.</i>	P. J. Sours.
FLA....	Florida Sav. B'k, Jacksonville..	H. S. Ely, <i>Cas.</i>	.....
GA.....	Bank of Americus .....	Moses Speer, <i>Pr.</i>	S. H. Hawkins.
"	"	John Windsor, <i>Cas.</i>	M. Speer.
ILL....	Merchants' Nat'l B'k, Galena..	Thomas Foster, <i>Pr.</i>	A. Esty.
IND....	First Nat'l Bank, Centreville..	George K. Cates, <i>A. C.</i>	C. W. D. Jones.
"	Randolph Co. B'k, Winchester.	Dennis Kelly, <i>Cas.</i>	W. A. Martin.
IOWA...	Bedford Bank, Bedford.....	W. E. Crum, <i>Pr.</i>	J. R. Van Fleet.
"	Mapleton Bank, Mapleton.....	C. I. Whiting, <i>Cas.</i>	W. H. Bliss.
KANSAS.	Citizens' Bank, Girard.....	J. D. Barker, <i>Pr.</i>	E. H. Brown.
"	Bank of Kingman,	L. C. Almond, <i>Pr.</i>	A. H. Gossard.
"	Kingman.	John P. Jones, <i>Cas.</i>	H. L. Strohm.
"	Linn Co. Bank, La Cygne.....	George R. Saunders, <i>Cas.</i>	A. R. Cary.
"	German Bank, Leavenworth...	Allen G. Campbell, <i>Pr.</i>	M. E. Clark.
"	Osage City Bank, Osage City..	D. Ainsworth, <i>Cas.</i>	T. B. Haslam.
"	Osborne County Bank, Osborne.	C. M. France, <i>Cas.</i>	W. F. Earls.
"	Bank of Paola, Paola.....	J. A. Gilmore, <i>Cas.</i>	G. P. Graham.
"	Phillips Co. Bank, Phillipsburg.	J. F. Morse, <i>Cas.</i>	O. M. Millard.
KY....	Bank of Louisville .....	James P. Barbour, <i>Cas.</i>	J. A. Leech.
"	Louisville City Nat'l Bank...	James A. Leech, <i>Cas.</i>	W. S. Parker.
"	"	W. S. Parker, <i>A. C.</i>	.....
"	Deposit Bank, Georgetown..	Jas. Y. Kelly, <i>Pr.</i>	L. L. Herndon.*
"	Covington City National Bank.	A. H. Sinclair, <i>Cas.</i>	J. Y. Kelly.
"	"	John W. Stevenson, <i>Pr.</i>	.....
MAINE..	Camden National Bank.....	Geo. L. Follansbee, <i>Pr.</i>	H. Knight.
MASS...	Oxford National Bank, Oxford.	Eben Harrington, <i>Cas.</i>	C. A. Angell.
"	Salem National Bank, Salem..	S. E. Peabody, <i>Pr.</i>	A. Story.
"	Worcester Mechanics' Sav. B'k.	F. H. Dewey, <i>Pr.</i>	H. Bliss.
MINN...	First National Bank, Brainerd.	H. J. Spencer, <i>Pr.</i>	W. Ferris.*
"	Union Nat'l B'k, Minneapolis..	Charles H. Smith, <i>A. C.</i>	.....
MO....	Valley National Bank,	G. H. Goddard, <i>V. P.</i>	M. J. Lippman.
"	St. Louis.	W. H. Trask, <i>Cas.</i>	G. H. Goddard.
"	Union Sav. Assoc. "	James B. True, <i>Cas.</i>	H. Ghiselin.
"	Exchange Bank, Jefferson City.	W. Q. Dallmeyer, <i>Cas.</i>	N. E. Miller.
"	Exchange Bank, Louisiana }	Marcus Dreyfus, <i>Pr.</i>	T. M. Rhea.
"	"	R. J. Hawkins, <i>Cas.</i>	Joe Block.
"	St. Clair Co. Bank, Osceola....	L. A. Mentzer, <i>Pr.</i>	W. W. Sanford.
"	Pettis County Bank, Sedalia...	C. M. A. Chaney, <i>Cas.</i>	.....
N. Y....	Hungerford's Bank, Corning...	C. A. Hungerford, <i>Cas.</i>	E. C. Pond.
"	First National Bank,	R. B. Smith, <i>V. P.</i>	E. Keator.
"	Cortland.	E. Keator, <i>Cas.</i>	F. Boynton.
"	Goshen National Bank, Goshen.	Wm. M. Murray, <i>Cas.</i>	J. O. Smith.
"	Bank of Hammondsport.....	H. C. Ainsworth, <i>Pr.</i>	R. E. Drew.
OHIO...	First Nat'l Bank, Cardington...	W. H. Marvin, <i>Pr.</i>	I. H. Pennock.*
"	Second National Bank,	Edwin E. Wirship, <i>Cas.</i>	H. N. Hedges, Jr.
"	Circleville.	G. A. Schleyer, <i>A. C.</i>	E. E. Winship.
"	Citizens' National Bank,	James H. Green, <i>Pr.</i>	I. H. Pennock.*
"	Galion.	A. F. Lowe, <i>A. C.</i>	J. H. Green, <i>Cas.</i>
"	City Bank, Lima.....	Elmer B. Mitchell, <i>Cas.</i>	A. C. Baxter.
"	Bank of North Amherst .....	M. C. Seeley, <i>A. Pr.</i>	A. T. Spitzer.
"	"	George L. Seeley, <i>Cas.</i>	A. L. Spitzer.
PENN...	Erie County Sav. Bank, Erie...	R. Pettit, <i>Cas.</i>	F. G. Schlaudecker, Jr.
R. I....	Warwick Inst. for Savings,	Ezra J. Cady, <i>Pr.</i>	.....
"	Centreville.	"	"
"	Island Savings Bank, Newport.	John C. Brame, <i>Pr.</i>	P. Caswell, Jr.
"	Pawtucket Inst'n for Savings...	Hezekiah Conant, <i>Pr.</i>	R. Sherman.

\* Deceased.

TENN..	First National Bank,	{ James Lee, Jr., <i>V. P.</i> ....	T. S. Davis.
	Memphis.	{ C. W. Schulte, <i>Cas.</i> .....	W. W. Thacher.
TEXAS..	Red River Co. B'k, Clarksville.	M. S. Sims, <i>Pr.</i> .....	R. R. Gaines.
VT.....	National Bank of Derby Line..	William S. Foster, <i>V. P.</i> ..	.....
WIS....	Bank of Baraboo.....	George Mertens, <i>Pr.</i> .....	W. H. Vittum.
" ..	Merchants & Mechanics' Savings Bank, Janesville.	{ Henry Palmer, <i>Pr.</i> .....	D. Jeffris.
" ..	City Bank, Portage.....	M. T. Alverson, <i>Cas.</i> .....	W. S. Wentworth.
" ..	Bank of Sheboygan .....	{ George End, <i>Pr.</i> .....	F. R. Townsend.
		{ Julius Kroos, <i>Cas.</i> .....	H. F. Piderit.
ONT....	Canadian Bank Commerce, St. Catherines.	{ F. L. Hankey, <i>Mgr.</i> .....	H. C. Barwick.
N. S....	Bank of Nova Scotia, Amherst.	H. C. McLeod, <i>Agent</i> ...	J. M. Hay.
" ..	Merch. B'k of Halifax, Halifax.	D. H. Duncan, <i>Cas.</i> .....	G. Maclean.
" ..	Halifax Banking Co., Oxford..	D. A. Smith, <i>Agent</i> .....	.....
" ..	Halifax B'kg Co., Lockeport..	E. A. Capstick, <i>Agent</i> ...	.....

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 394.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
CONN...	Southington... \$150,000	Southington Nat'l B'k .... R. A. Neal, <i>Pr.</i> L. K. Curtis, <i>Cas.</i>	Imp. & Tra. Nat'l B'k.
DAKOTA	Huron..... \$50,000	First National Bank..... James W. Campbell, <i>Pr.</i> John W. Smith, <i>Cas.</i>	Kountze Bros.
" ..	" .. Ormsby, Graves & Co.....	Ormsby, Graves & Co.....	Gilman, Son & Co.
" ..	Milbank .....	Merchants' Bank.....	Hanover National Bank.
" ..	Mitchell .....	A. C. Dodge, <i>Pr.</i> W. B. Saunders, <i>Cas.</i>	
" ..	Ormsby, Clute & Co.....	Ormsby, Clute & Co.....	Gilman, Son & Co.
" ..	Oriska .....	Perkins, Robbins & Co.....	Hide & Leath. Nat'l B'k, <i>Chicago.</i>
" ..	Sioux Falls..... \$50,000	Sioux Falls National Bank..... Chas. E. McKinney, <i>Pr.</i> Chas. L. Norton, <i>Cas.</i>	
ILL. ...	Alton..... \$50,000	Alton Sav. Bank..... J. E. Hayner, <i>Pr.</i> G. A. Joesting, <i>Cas.</i>	National Park Bank.
" ..	Lexington..... \$50,000	First National Bank..... Sanford R. Claggett, <i>Pr.</i> B. J. Claggett, <i>Cas.</i>	
IND....	Fairmount... \$50,000	Scott & Henley..... Bank of Mitchell.....	Winslow, Lanier & Co. U. S. National Bank.
" ..	Mitchell.....	M. N. Moore, <i>Pr.</i> William T. Moore, <i>Cas.</i>	
KANSAS.	Sabetha.....	Citizens' Bank..... J. T. Brody, <i>Pr.</i> A. C. Morehead, <i>Cas.</i>	State Sav. B'k, <i>St. Joseph.</i>
" ..	Stafford.....	Frank Cox.....	Armour Bros., <i>Kansas City.</i>
" ..	Wyandotte .....	Bank of Wyandotte..... Isaac D. Wilson, <i>Pr.</i> A. H. Rogers, <i>Cas.</i>	Hanover National Bank.
MONT...	Helena..... \$250,000	Montana National Bank .. Chas. A. Broadwater, <i>Pr.</i> Ebenezer Sharpe, <i>Cas.</i>	
" ..	Miles City.....	Stebbins, Post & Mund....	
N. Y....	Cortland .....	Second National Bank.... Fitz Boynton, <i>Pr.</i> J. Seaman Bull, <i>Cas.</i>	
OHIO...	Circleville. ... \$100,000	Third National Bank..... Cyrus Benford, <i>Pr.</i> Samuel Morris, <i>Cas.</i>	Chase National Bank.
OREGON	Salem..... \$60,000	First National Bank..... William Reik, <i>Pr.</i> William Lowe, <i>Cas.</i>	

**SALT REVENUE** —The salt production of the Onondaga district in New York, for the year ended October 30th, was 3,366,000 bushels, being the largest production of any year since 1871, and an increase over last year of 732,000 bushels. The receipts for duties from the year 1818 to 1882, inclusive, have been \$4,295,478.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from November No., page 396.)*

- ARIZ... Winslow..... Reynolds Bros.; business removed to Deming, N. M.
- GA..... Montezuma .... W. P. Drumright; deceased. Business continued by James M. Harrison.
- ILL.... Chicago..... Fifth National Bank; to be succeeded Jan. 1, 1883, by National Bank of America. Paid capital, \$1,000,000. Surplus, \$120,000. Isaac G. Lombard, *Pr.* Edw. B. Lathrop, *Cas.*
- .. Apple River... Bank of Apple River (George Frost); now Malachi Maynard.
  - .. Brimfield..... J. W. Herrington; succeeded by C. W. Hamilton.
  - .. Hoopston..... J. S. McFerren & Brother; now First National Bank. Same management. \$50,000.
  - .. Roberts..... Roberts Exchange Bank (J. B. Meserve); now Chris. Anderson.
  - .. Roseville ..... Roseville Union Bank (Pratt, Stem, Worden & Co.; now Pratt, Worden & Co.
  - .. Wyoming ..... Farmers' Bank; now First National Bank. \$50,000. Same officers.
- IOWA... Council Bluffs.. Council Bluffs Savings Bank; surplus, Nov. 1, \$25,000.
- .. Earlham..... Exchange Bank (Hill & Thomas) now Hill Bros. & Thomas.
  - .. Estherville.... Howard, Graves & Co.; now Graves, Burdick & Co.
  - .. Glidden ..... Glidden Bank (G. H. Stalford); now Lambertson & Gabriel.
  - .. Iowa City..... Iowa City Bank; now Iowa City National Bank. \$200,000. Samuel J. Kirkwood, *Pr.* Same Cashier.
  - .. Le Mars..... Le Mars Bank; now Le Mars National Bank. \$100,000. Same President. Gilbert C. MacLagan, *Cas.*
  - .. Preston..... Bartholomew & Riley; now Bartholomew & Specht.
  - .. Primghar..... Exchange Bank (Schee & Achorn); now George W. Schee.
- KANSAS. Belle Plaine... Gossard Bros. & Donahue; now Mayhew and Donahue.
- .. Clay Centre... Republican Valley Bank (Myers & Campbell); now D. H. Myers.
  - .. Frankfort..... James S. Warden; now First National Bank. William Hetherington, *Pr.* James S. Warden, *Cas.* \$50,000.
  - .. Louisburg ..... Reed, Staley & Co.; now M. Reed & Co.
- Ky..... Hartford..... McHenry & Cox; now President and Cashier of Bank of Hartford. Incorporated. Capital, authorized \$50,000; paid, \$10,000.
- MICH... Marlette..... Charles L. Messmore; succeeded by McGill & Co.
- MINN... St. Paul..... Dawson, Smith & Scheffer; now Bank of Minnesota. Same management.
- NEB... Columbus..... Anderson & Roen; now First National Bank. \$50,000. Same management.
- .. Kearney..... Robertson Bros.; now First National Bank. \$50,000. Same management.
  - .. Pawnee City... Joy, Eckman & David; now First National Bank, \$50,000. Same management.
- OHIO... New Straitsville Bank of New Straitsville; now H. H. Todd & Co.
- .. Sandusky..... First National Bank; succeeded by Moss National Bank. \$150,000. Same management.
- PENN... Hummelstown. Hummelstown Bank; now Hummelstown National Bank. Same officers and capital.
- TEXAS.. Denton..... H. M. Spaulding; succeeded by First National Bank. \$50,000. Same management.
- WIS.... Wausau..... Silverthorn & Plumer; succeeded by First National Bank. \$50,000. Same management.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from November No., page 397.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2806	First National Bank..... Kearney, NEB.	LeRoy Robertson, Fred. Y. Robertson.	50,000
2807	First National Bank..... Columbus, NEB.	Andrew Anderson, C. T. Roen.	50,000
2808	First National Bank..... Hoopeston, ILL.	Jacob S. McFerren, James McFerren.	50,000
2809	First National Bank..... Frankfort, KANSAS.	William Hetherington, James S. Warden.	50,000
2810	Moss National Bank..... Sandusky, OHIO.	Augustus H. Moss, Charles H. Moss.	150,000
2811	First National Bank..... Red Cloud, NEB.	Robert E. Moore, Edmund H. Ambler.	50,000
2812	First National Bank..... Denton, TEXAS.	H. M. Spalding, C. R. Buddy.	50,000
2813	Montana National Bank..... Helena, MONT.	Charles A. Broadwater, Ebenezer Sharpe.	250,000
2814	Southington National Bank..... Southington, CONN.	R. A. Neal, L. K. Curtis.	150,000
2815	First National Bank..... Wyoming, ILL.	William Holgate, Andrew F. Stickney.	50,000
2816	First National Bank..... Salem, OREGON.	William Reid, William Lowe.	60,000
2817	Third National Bank..... Circleville, OHIO.	Cyrus Benford, Samuel Morris.	100,000
2818	Le Mars National Bank..... Le Mars, IOWA.	William H. Dent, Gilbert C. MacLagan.	100,000
2819	First National Bank..... Huron, DAKOTA.	James W. Campbell, Jno. H. Miller.	50,000
2820	First National Bank..... Wausau, WIS.	Daniel L. Plumer, A. H. Grout.	50,000
2821	Iowa City National Bank..... Iowa City, IOWA.	Samuel J. Kirkwood, John H. Coldren.	200,000
2822	Hummelstown National Bank.... Hummelstown, PA.	Abner Rutherford, John J. Nissley.	50,000
2823	Sioux Falls National Bank..... Sioux Falls, DAK.	Charles E. McKinney, Charles L. Norton.	50,000
2824	First National Bank..... Lexington, ILL.	Sanford R. Claggett, B. J. Claggett.	50,000
2825	First National Bank..... Pawnee City, NEB.	James N. Eckman, John C. David.	50,000
2826	National Bank of America..... Chicago, ILL.	Isaac G. Lombard, Edward B. Lathrop.	300,000
2827	Second National Bank..... Cortland, N. Y.	Fitz Boynton, J. Seaman Bull.	100,000

PREMIUM DESIGNS FOR BANK BUILDINGS.—The premiums offered by the publishers of THE BANKER'S ALMANAC AND REGISTER, for the best designs, have elicited excellent and beautiful plans. At the earnest request of several architects who want more time, the date upon which the awards will be made is extended to December 9th. Three competent judges, of whom two at least will be architects or experts, will decide which shall be entitled to the premiums.



## NOTES ON THE MONEY MARKET.

NEW YORK, NOVEMBER 29, 1882.

*Exchange on London at sixty days' sight, 4.80.*

The money market has been unusually excited during the month, and for this condition of things we must thank the speculators. There are those who try to make the public believe that the Sub-Treasury is the chief cause of the high rates of late prevailing. But when these jump up four or five per cent. in an hour or less in Wall Street, it is not easy to see how the Sub-Treasury can be held accountable for the rise. It is true that the Government for several months has been accumulating more money, but this fact is not an adequate explanation of the recent currency perturbations. The chief cause of all these troubles is speculation in stocks, petroleum, and other products, which has been very active of late. Any sane man who has studied the money market with much care, for a month, must admit that if the Treasury balance had been steadily kept at the usual point speculation would have been just as rampant and the rates of money equally vacillating.

It is impossible to emphasize the fact too strongly that the most potent cause of business uncertainty and demoralization at the present time is speculation. Within thirty days the price of petroleum has been forced up from ninety cents to \$1.36 per barrel. The sales in New York, Oil City, and Bradford, in a week were 119,000,000 barrels—the production of all the wells for the last five years. Indeed, it has been said that for the twenty years ending with 1878 the entire oil production was less than the amount sold in these six days. Prices collapsed as suddenly as they rose, thousands of persons lost heavily and the export trade has suffered.

Apart from the ill effects mentioned, this enormous speculation in oil had a direct influence on the money market. Immense sums of money have been diverted from other channels and tied up in these operations. It is reported that at least \$20,000,000 were locked up in this way. This affected the money market, but was the Sub-Treasury to blame for such an outbreak of the oil gamblers?

The sales of cotton last week were 751,000 bales. Of this quantity only 1162 bales were exported and 2671 sold to manufacturers. All the rest of the buying was purely on speculative account. Says the *Tribune*: "Since September 1, the sales of cotton for future delivery in this market alone amount to 7,780,700 bales, perhaps a quarter more than the entire crop. Nobody imagines that these contracts can be or will be carried out otherwise than by the payment of differences lost; they are simply bets upon the future price. But they affect the market far more powerfully and perniciously than all the transactions in actual and tangible cotton."

When the money was paid to the syndicate who sold the "Nickel-plate" road, it is reported that the receivers, not knowing what else to do with it, used the most of it in certain speculative ventures in produce; and so, in various ways enormous sums are diverted to speculative purposes, to the manifest injury of the money market and almost every kind of legitimate business.

The Secretary of the Treasury has endeavored to relieve the money market by calling more bonds, but this policy is one of very doubtful expediency. Mischievous as speculation is, probably most thoughtful persons would say that the best thing the Treasury can do is not to interfere at all, and, if the people do not know any better than to speculate, let them suffer. The expediency of making his last call for \$10,000,000 has been perhaps more severely criticised than any other. As a relief measure it has not been more effective than his previous steps in the same direction. It has been very well said that "if Secretary Folger paid out every dollar in the Treasury at once, the market would not hold up a fortnight. The wealth of the world is insufficient to take care of the vast horde of balloon enterprises which are now being liquidated in Wall Street."

Elsewhere we have considered the condition of business. Railroad stocks are drooping, owing to fierce competition and cutting of rates, and a general fear of the unsoundness of many enterprises. It has long been evident that we were building railroads too rapidly, and the effect of sinking so much capital must be felt in many ways. One of the first is a depression of the entire list of railroad securities without proper discrimination.

Foreign exchange has been heavy, but it is probable that rates will decline still more. No gold has yet been shipped from London or the Continent; but if the present condition of the exchange market continues it is expected that the movement will begin. Should this be the case, doubtless efforts will be made to stop it as soon as possible, for the gold reserve of the Bank of England is fifty million dollars less than it was a year ago and the posted rate is five per cent. An outflow of gold has long been feared, and cannot take place without causing serious results.

The reports of the New York Clearing-house banks compare as follows:

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Nov. 4...	\$ 317,588,200	\$ 52,026,900	\$ 20,070,900	\$ 288,448,500	\$ 18,630,300	*\$ 14,325
" 11...	315,454,200	48,823,500	18,953,100	283,206,200	18,663,200	3,024,950
" 18...	314,026,500	50,985,400	19,284,500	284,594,300	18,665,700	*878,675
" 25...	309,208,800	48,245,500	19,165,800	277,930,000	18,590,700	*2,071,200

\*Deficiency.

The Boston bank statement for the past five weeks is as follows:

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Oct. 28.....	\$ 146,428,300	\$ 6,253,300	\$ 3,568,700	\$ 90,076,200	\$ 30,054,500
Nov. 4.....	148,848,100	6,229,500	3,861,100	93,210,600	30,255,500
" 11.....	149,221,000	5,922,200	4,054,400	92,662,000	29,960,400
" 18.....	149,058,500	5,836,500	3,866,700	92,391,900	29,981,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1882.	Loans.	Reserves.	Deposits.	Circulation.
Nov. 4.....	\$ 75,193,393	\$ 17,597,287	\$ 66,340,829	\$ 9,775,391
" 11.....	75,200,678	17,462,523	65,600,462	9,775,766
" 18.....	75,693,167	16,605,877	65,897,551	9,753,770

We append the usual quotations of leading stocks for the month :

QUOTATIONS :	Nov. 6.	Nov. 14.	Nov. 22.	Nov. 28.
U. S. 58, 1881, Coup...	101½ ..	101½ ..	101½ ..	101½
U. S. 4½, 1891, Coup.	113½ ..	112½ ..	112½ ..	113
U. S. 4s, 1907, Coup...	119½ ..	119 ..	119 ..	118½
West. Union Tel. Co..	82½ ..	82½ ..	81½ ..	81½
N. Y. C. & Hudson R.	131½ ..	131½ ..	128 ..	130
Lake Shore.....	115½ ..	115½ ..	112½ ..	113½
Chicago & Rock Island	132½ ..	128½ ..	125½ ..	128
New Jersey Central...	72 ..	71 ..	66½ ..	69½
Del., Lack. & West....	135½ ..	132½ ..	127½ ..	126
Delaware & Hudson..	112½ ..	112½ ..	108½ ..	107½
Reading.....	58½ ..	56½ ..	50½ ..	51½
North Western.....	144½ ..	141 ..	134½ ..	136
Pacific Mail.....	39½ ..	39½ ..	35½ ..	34½
Erie.....	38½ ..	39 ..	36 ..	37
Discounts.....	6 @ 6½ ..	6 @ 6½ ..	6 @ 7 ..	6 @ 7
Call Loans.....	5 @ 6 ..	4 @ 6 ..	6 @ 10 ..	4 @ 7
Bills on London.....	4.80½ @ 4.83½ ..	4.80½ @ 4.84½ ..	4.79½ @ 4.84 ..	4.79 @ 4.83
Treasury balances, coin	\$ 100,518,586 ..	\$ 102,009,511 ..	\$ 103,465,053 ..	\$ 104,347,553
Do. do. cur.	\$ 4,500,246 ..	\$ 4,645,094 ..	\$ 4,427,131 ..	\$ 4,768,921

## DEATHS.

ABBOTT.—On November 20, aged seventy-four years, TIMOTHY ABBOTT, President of the Mechanics' National Bank of Trenton, New Jersey.

BAKER.—On October 5, aged forty-three years, ROBERT H. BAKER, President of the First National Bank, Crookston, Minn.

DEMOND.—On October 1, aged thirty-four years, W. L. DEMOND, Cashier of the Spencer National Bank, Spencer, Mass.

FERRIS.—On October 23, aged fifty-five years, WILLIAM FERRIS, President of the First National Bank of Brainerd, Minn.

MEEKER.—On November 23, aged fifty-nine years, WILLIAM B. MEEKER, formerly Cashier of the Bank of New York N. B. A.

PENNOCK.—On October 23, aged fifty-eight years, ISAAC H. PENNOCK, President of the First National Bank of Cardington, Ohio, and the Citizens' National Bank of Galion, Ohio.

RICE.—On November 14, aged fifty-four years, GEORGE WOODS RICE, President of the Massachusetts Loan and Trust Co., Boston.

STEWART.—On November 20, aged sixty-two years, JOHN STEWART, President of the First National Bank of Johnstown, New York.

UHLER.—On November 4, aged sixty-eight years, EDWARD A. UHLER, formerly Cashier of the Lebanon National Bank of Lebanon, Penn.

WAGNER.—On September 4, aged seventy years, L. J. WAGNER, President of the Citizens' Bank of Memphis, Mo.

WOODRUFF.—On October 26, aged seventy years, GEORGE WOODRUFF, President of the First National Bank of Joliet, Illinois.

THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

---

VOLUME XXXVII.

JANUARY, 1883.

No. 7.

---

### THE FINANCIAL RETROSPECT AND PROSPECT.

The year just closed is noteworthy in several respects. The financial transactions of the Government have been so fully noticed from month to month, that only a single point will be now touched. The imports have been enormous, and consequently the revenues of the Government have been large, but neither fact can be regarded with much pleasure. In the first place, our plethoric income has caused unusual squandering; and in the second place, the imports have not been wholly exchanged for exports, but in part for gold. Furthermore, instead of importing so much, we ought to have produced more, especially of iron and steel; for in consequence of not doing so, the iron and steel industries are seriously suffering. Lower prices at home a year or eighteen months ago would have placed orders for many metallic products on this side of the water; a short-sighted policy on the part of our manufacturers, however, has diverted a large production which might have proved profitable. To-day, as we all know, they are paying for their folly. We can receive a lighter revenue, accompanied with diminished importations, with no little satisfaction, but the course of our foreign trade last year, if continuing unchanged, would sooner or later have inevitably led to evil results. The exchanges between nations must be evened up in the long run if they are to retain their prosperity.

The history of banking operations through the year has been laid before our readers; but beside these institutions are the railroads, the investment in which vastly exceeds that in Government

bonds and banks. More than six billions has been invested in these undertakings, and the management of this sum is of the utmost importance to millions of people. A few men comparatively manage a very large portion of the capital thus invested, and their movements are watched with increasing solicitude. Every year brings out the unwelcome fact more clearly that railroad officials are using their place and power rather to advance their own interests than the interest of the companies they represent. In other words, they abuse the power confided to them, and this they have done in many cases in a most shameless manner. While the merchants and manufacturers and other classes have been prosperous in our country for several years, acquiring handsome fortunes, the enormous ones are confined, with but few exceptions, to railroad managers and several mine speculators. How have these railroad magnates gathered together their millions so quickly? Not from their salaries. Not by the ordinary chances of speculation; but by using their positions to get millions at the loss of the companies they have controlled.

The success of these enterprises, in which so much of the Nation's capital has been invested, depends on the will of a few men. Do they desire them to succeed? Is it for their interest? A few years ago the Louisville and Nashville Railroad was regarded one of the soundest railroads in the country. To-day it is bankrupt. What has caused so great a change? Competing railroads and low prices? No. A diminution of business? No. What then? Ignorant management? Far from it. We need not tell the story, for all know it. Its interests were perverted to serve a small ring who managed it, who made millions out of it, and then left the carcass for innocent and unsuspecting victims to gaze at.

Of course, not all railroads are managed in this way, but too many of them are; so many, indeed, that throughout the year the feeling of uncertainty with respect to them has been rapidly increasing. The movements of the leaders in the recent railroad war in the Northwest has certainly intensified this feeling of distrust.

But it is said, notwithstanding the machinations of these men, they make their properties pay; if they do enrich themselves most they manage well for others too. But the unpleasant fact is that every now and then these smart men who manage so well both for themselves and others, conclude to wreck their particular company for their sole benefit, and the outsider does not exactly know what company is next to be devoted to destruction. This fear is spreading everywhere; foreign investors have opened their eyes and are getting rid of American securities, having suffered enough already.

The future of the American railroad is not an altogether cheer-

ful one. Perhaps the present course of things may be arrested before much harm is done, but there is no sign yet of an effort to put the companies which are so grossly mismanaged into better hands. While they remain under their present management, and the law seems so impotent to secure a redress for the wrongs already done, a shadow is thrown over the entire railroad property of the country.

Two other points are worthy of notice in this connection. The first is the power of speculators to control prices. Their power to disturb the course of trade is getting to be more clearly recognized. There are always uncertainties enough surrounding business, but the speculator is its worst foe because it is so difficult to divine his intentions. The investigation by the "corner" committee of the New York Legislature, now in progress, is bringing to the surface many facts showing the depth of the evils arising from speculation.

Another fact worth mentioning is the tendency seen in many directions to establish exchanges and trade organizations and rules for the regulation of business. The object of these is to dull the edge of competition and render merchandising safer and more profitable. In not a few cases such organizations have in view the creation of monopolies. The movement in this direction is growing, and merits a more minute description than we have space now to give to it. In a future number it will be more fully considered.

---

## COMMERCIAL REVIEW OF THE OLD YEAR AND OUTLOOK FOR THE NEW.

The year just closed is probably the most phenomenal in the history of the produce markets of this country, especially since speculation in the chief staples of commerce and of food for man and beast became general. It has been an accepted maxim of speculation, that it is greatest when crops are largest and stocks are heaviest of the articles speculated in. The crop year 1881-82, however, is a marked exception, if the above is the rule; for our crops, as a whole, were never so short, nor was speculation in them ever so great or so wild throughout the United States. Indeed, these short crops, if not these light stocks, furnished the chief stimulus to this rampant speculation; although the difference of opinion between the bulls and the bears as to the extent of this shortage, and hence as to the amount of these stocks or available supplies of the world, to meet the world's demands, was the pivot on which prices hinged, and swung back and forth from one ex-

treme to the other like a pendulum, as the weight of speculative sentiment shifted to the bull or the bear side of these markets.

This state of uncertainty concerning future supplies began very early in 1881, and while the crops were growing in the summer of that year. Then the severest and most general drought ever known throughout this country set in, and continued until after the crops had matured. Thus the July prospects of the largest crops ever raised were followed by the shortest harvests for years. This state of doubt did not give place to anything like certainty and settled values until another harvest had brought us the most abundant crops ever known, and the unknown quantity of the old crops had been at last determined in the "visible supply." We have had, therefore, no recognized and accepted basis of real values for any of our speculative staples of commerce during the last crop year, as the bulls insisted that the Government estimates were too small; while for some staples, we barely reached values at the close of the calendar year, as we had scarcely gotten out of the old crop and into the new. Provisions and corn are the only articles left of which this is true, although oats are affected in this way to some extent still, in sympathy with corn; while wheat, cotton, dairy products and beef have gotten back to a normal, from a high short-crop, basis, and wholly out of the control of speculators and free from their manipulations, for this year's crops were too large and stocks too heavy for them to carry, as they will be of corn, oats and provisions, after the new crops have had time to cure and move freely to market. The course of these speculative markets during last year, will long be remembered. We have now, apparently, entered upon the other extreme with the new crop year, as the opposite conditions prevail; and we seem likely to have the dullest and most unsatisfactory year for speculators in produce since this species of speculation became so popular and so general. But legitimate values, based upon the laws of supply and demand, will rule once more, where they have been suspended so long as to be regarded an old foggy's maxim of trade; and merchants will be able to do a legitimate business again, and make a living at it, which they have been unable to do the past year.

As to the relative results of the past year's speculation for the bulls and bears, it is safe to say that both are out of pocket, as a rule. The bears lost as much, or more, on the ups and "corners" as they made on the downs and breaks; while the bulls bulled the whole crop, and, by keeping prices high, checked consumption and made at last long crops out of short ones, as shown by a considerable surplus of some staples left on their hands, which they carried into this crop year, and they have lost, generally, more on the failure of their corners and in getting back to the normal basis of

this crop than they made on their "long" stock or in "squeezing" the "shorts" who could not adjust their ideas of real values to the high prices of last crop, after the low prices of the previous years on successive good crops, and who kept selling things because they were "too high." They could not educate themselves up to the higher short-crop basis until they had paid for demonstrating it. So, on the other hand, now the bulls are buying things because they are "too low," or "cheap," as they cannot get their ideas back to a normal basis after last year's partly fictitious and largely manipulated values; and they will "get left" just as the bears did on the other tack last year. There will be fewer or no "deals;" and they will not find a Moses to lead them as often as they did last year, for they have been "picked up" too often themselves, and none of them have been permitted to get over into the promised land of milk and honey, or great fortunes. At all events, they will not be able to run corners extensively before the end of this crop year, when there may be such opportunities again, as low prices are stimulating consumption the world over, while high ones were checking it a year ago. Moreover there were comparatively no reserves carried into this year, while there were large surpluses of nearly everything carried over into last crop from two and three large crops preceding. The conditions, therefore, are wholly changed in the two years; and two greater extremes could not be found in the history of any of these trades.

These facts, together with others, show that many have been through the most trying and unprofitable year since the panic, nor is the year ahead very bright, although we have enormous crops to handle and transport. Had we not had them, we would have had a first-class panic; and it will take all this year and these good crops to liquidate last year's debts and recuperate from last year's speculations. While financial classes are generally in sound condition, when not overloaded with new and unnecessary railroad construction and securities, the commercial classes were probably never in a weaker condition, when times were as good as now; and they will need a good deal of careful nursing to bring them through 1883 in sound and healthy condition. It takes big crops for one year to make good for one year's bad crops; and good crops for two years to make times good again. The country, therefore, must go slowly this year and economize to pay up last year's debts and losses, which cannot be done in a hurry, even with good crops, as they don't go so far, at the low prices now prevailing.

There is no danger of a panic, however, so long as things are moving slowly as now and people are curtailing and liquidating; for the big crops provide them with the means to do this, and will enable us to get back upon a normal and sound basis by another



year. The country is not diseased. Its constitution is not broken. It has simply been on a big speculative drunk for four years on the profits of four successive large crop years prior to the last, and high prices due to four successive bad crops in Europe. Now this stimulus is gone, the country is getting sober, beginning to look after its legitimate business again, and will soon be in good condition as ever.

Wall Street may aid or hinder in this work of recuperation, but it can scarcely give us a panic, as the big crops must be moved, and their transportation pays the railroads, upon which Wall-Street prosperity rests as much as if prices were higher. There has been an immense amount of new railroad-construction kite-flying in the street the past year, but the public does not seem to have had much money to invest in these so-called "securities," as the general shrinkage of values has absorbed a large amount of capital which has been on the street for investment the past few years. It is, therefore, probable that the projectors of these new roads hold the bulk of the new and doubtful "securities," and will keep them to supply the public when times are propitious for unloading. These holders are strong, and hence little danger from this source is apprehended. The stocks and bonds held by the public are generally of the better class and of the older roads, which will generally be able to keep up their dividends out of earnings in moving the big crops. There have been some parallel lines built the past year that may effect the dividend-paying capacity of some of the older roads; yet these are largely owned and controlled by these same strong parties whose interest is on the bull side. Hence the stock market, while it may not help restore our prosperity, is not likely to hinder it.

As to the money market there is more doubt of its probable course. Last year, with short crops at high prices, money was abundant and easy. This year, with large crops at low prices, money is scarce and tight, although stocks of produce are not so large in second hands as a year ago. This, however, is probably more than offset by the large stocks of manufactured goods held in all our cities, as there is a general over-production of almost all classes of manufactures, which is no doubt tying up permanently, or until times are better, a large amount of money, which will be let loose when these stocks go into consumption either through curtailed production or increased demand, which can scarcely come while the present industrial depression lasts.

We may get gold from Europe to help us out; but the high rates of discount maintained there are, no doubt, for the purpose of retaining this gold. She will have to take our cotton as she has already quite freely, but our breadstuffs can be taken at her pleasure for the first half of the year, as she has good crops as well as we.

Europe pursued a waiting policy on four poor-crop years, and beat

us thereby. It is scarcely to be expected she will do otherwise this year. For provisions of all kinds she is still more independent than for breadstuffs, as her exclusion of American-hog products in part, and our high speculative prices, have stimulated home production until she has reached nearly her maximum of production and independence of our markets. Cotton and petroleum are the two staples for which she is really and wholly dependent upon us, and with these she is pretty well supplied for the present.

We cannot see much near prospect, therefore, of more plenty or cheaper money, as the great bulk of our crops is yet to be moved, and the movement will occupy the whole year.

---

## REDUCTION OF THE REVENUES.

For several months a reduction of the revenues has been urged in some quarters with great persistency. There is no evidence that the people generally are much interested in the subject, for whatever taxes they pay, are paid, with but few exceptions, indirectly, and no burden is felt. Besides, business has been thoroughly adjusted to the existing system, so that if the weight of taxation was felt when first imposed, it is felt no longer. There is scarcely a single interest, except the banks, which is particularly desirous of having the taxes lightened.

The cry to repeal the entire internal-revenue system, certainly was not started by those who pay internal taxes. It was started by persons who favor the legal protection of our industries. Their aim is perfectly apparent, nor would they deny it themselves; if the internal revenue taxes are repealed, they hope and expect to maintain higher rates on imports. Strongly inclined as we have ever been to protect our industries, we are certain that this effort to repeal the internal-revenue taxes is entirely wrong, and has without doubt not been fully considered in all its probable consequences.

In the first place, those who pay the most of these taxes do not ask for their repeal. The whiskey distillers who pay the larger portion are absolutely indifferent about the matter. The tobacco interest say, if Congress proposes to do anything in the way of altering the taxes on tobacco, to do so quickly; but they are quite content with the law as it is. Nor do the patent-medicine men nor the match manufacturers ask to be relieved from the payment of taxes. So then the banks form the only class who feel the pressure of internal-revenue taxation and are alone in desiring to have it removed.

In the second place, tobacco and whiskey are luxuries, and are the

things singled out by all enlightened nations for taxation. That would be a most remarkable system of taxation which included sugar, iron, and all the leading products and necessities of life, and exempted from taxation the two great luxuries which all nations and men unite in taxing first and the most heavily. Such a system would surely be derided by all thinking men. It would be opposed to all sound experience, to every principle of political economy, and to our National and individual well-being.

As a step to buoy up and maintain the protection of our industries it is a most lamentable mistake. Nothing is making the cause of protection so odious as the movement on the part of Judge Kelley to repeal the internal taxes. They oppress no one; those who pay them are, for the most part, content to have them remain. As for endangering our industries by the diminution of taxes on imports, the country never was so firmly determined to maintain the system of protection, because the benefits of it are more thoroughly and widely understood than ever before. It is wholly unnecessary, therefore, to abolish the internal-revenue system in order to maintain the other. Both systems should be equally permanent. It should become a settled part of our National policy to tax spirits, tobacco, and patent medicines permanently. Further adjustments may be necessary, but the essential features of the system should be preserved.

Those who believe in the system of protection, therefore, need not fear that it will be endangered by the maintenance of the internal-revenue system. It is far more endangered by the persistency of those who seek to abolish that system. If the distillers of whiskey and the manufacturers of tobacco who pay the taxes sought to remove them, there would be no occasion for complaining of the protectionists; but when they seek to remove the internal-revenue taxes, the people ask what does this mean? If those who are taxed do not ask for a reduction or abolition of their taxes, why should the protectionists seek to remove them? Are there any taxes more justly laid and collected than these?

But why should the revenues be reduced? It is said that they are too large and cannot be wisely used. This is groundless so long as the Nation owes a dollar. But besides its huge debt, there are a thousand millions to pay for pensions; whence is the money coming to pay for them if the internal revenue be cut off? Moreover, a large number of pension bills are still pending, and vast as the outlay has been already in this direction, it is highly probable that some of these bills will pass and more money will be required to meet the expenditures thus incurred.

In this matter Congress should move very slowly, in view of its past experiments in reducing taxes. In 1817 the revenues were thought to be too large, and the internal taxes were removed.

What happened? The next year there would have been a deficit in the Treasury, except for the balance of internal taxes collected during that period. The year afterward there was a deficit, and Congress was obliged to borrow money to pay its debts. The succeeding year, too, it was obliged to borrow. In 1833 Congress resolved to reduce the taxes, and in a few years the National income was too small to pay the ordinary expenditures. For several years treasury notes were issued to pay the annual deficit. In 1857 Congress again reduced the revenue, and the very next year there was a deficit, and Congress was obliged to issue more treasury notes to pay the deficiency. This state of things continued until 1861, when the Nation owed over sixty million dollars, accumulated in a time of profound peace, by too large a reduction of the revenues. To reduce is a dangerous thing, especially in the face of our enormous debt and that vast mountain of pensions of unknown height. Like the builders of the tower of Nimrod, these pension-bill manufacturers are unwearying in their efforts and are inspired with sufficient demagoguery to stop at nothing less than a similar confusion of tongues, or some other overwhelming event.

But it is said in some quarters, let the debt alone; we have paid enough for the present. We have said so much on this subject that we shall now add only a word. Those who believe the people of this country will serenely pay \$50,000,000 a year interest permanently for the benefit of a small class of people, are deluding themselves. Holders look abroad and see great National debts, and the punctual payment of interest thereon, and so they conclude we can and will pay perpetually. But the condition of our country cannot be compared with that of foreign countries in this matter. In those, the moneyed classes control; here they do not. In this country the people who pay the debt, not those who hold it, are by far the more powerful element. Now, while the times are prosperous, the people are heartily in favor of reducing the debt as rapidly as possible; nothing pleases them more than to read those monthly statements announcing heavy reductions. But let adverse days come, as they surely will, sooner or later, and very soon we should hear a repetition of what we heard so often during the recent depression—the bond-holders have been paid enough; let us give them greenbacks for the remainder, or stop paying altogether. Those who are urging a radical change in our policy from debt-paying to the payment of perpetual interest, do not realize the temper of the people nor their strong aversion to the change. A perpetual tax of \$50,000,000 for the benefit of a few is one which the people will soon get tired of paying, though perhaps nothing short of the trial of the experiment will convince the owners of the debt of this. But if it should be tried, and prove disastrous to the eager supporters of it, they will only be able to

say: We have pulled down the house on our own heads; the people were willing to pay, and we would not let them; behold! how great is our loss and folly.

---

## MONEY AND ITS FUNCTIONS.

Two thousand years ago the practical Greek philosopher, Aristotle, recognized clearly the social nature of man and the immediate political consequences resulting therefrom. That pithy word of his, "*ὁ ἄνθρωπος φύσει ζῶν πολιτικόν*," expresses forcibly the truth that man has need of his fellow man, that he requires a political organization in order to bring his nature to full development. "Man is by nature a political being." Aristotle was so far from accepting this doctrine, "that the State is a necessary evil," that he could not conceive human progress and development as possible, otherwise than in an organized social community. However it might have been *chronologically*, in *idea* the State was to him prior to the individual. And Aristotle was right. The State is more than a necessity; it is a blessing. As a recent learned writer says, "It is a necessary good." There is, indeed, in the State a divine element. This is as plainly taught in the New Testament as in the writings of the Greek philosophers. It is on this account that St. Paul directed Titus to teach subjection to principalities and powers, and obedience to magistrates (III: i), and that St. Peter exhorted those to whom his Epistle (I: II: xiii and xiv) was addressed to submit themselves to every ordinance of man for the Lord's sake, "whether it be to the king, as supreme; or unto governors, as unto them that are sent by him for the punishment of evil-doers, and for the praise of them that do well." This idea is brought out in the thirteenth chapter of St. Paul's Epistle to the Romans still *more* clearly: "Let every soul be subject unto the higher powers," says St. Paul. "For there is no power but of God: the powers that be are ordained of God. Whosoever therefore resisteth the power, resisteth the ordinance of God; and they that resist shall receive to themselves damnation. For rulers are not a terror to good works, but to the evil. Wilt thou then not be afraid of the power? Do that which is good, and thou shalt have praise of the same: For he is the minister of God to thee for good. But if thou do that which is evil, be afraid; for he beareth not the sword in vain: for he is the minister of God, a revenger to execute wrath upon him that doeth evil."

Such passages of Scripture as these should teach one to hesitate about speaking lightly concerning that tendency or bent in our nature which inevitably leads men to form themselves into political communities. While the divine right of kings, in the sense in which it was once understood, may be a fable, there is such a thing as the divine right of States. The French philosopher, Jean-Jacques Rousseau, and others, may draw pretty pictures of a golden age in which men lived untrammelled by what they consider artificial laws and customs, but their pictures are devoid of historical foundation. Although the bonds which bind men together in societies are of almost infinite qualitative and quantitative diversity, they exist in all places and have always existed.

Two distinguished investigators, Sir Henry Maine, in his *Village Communities*, and the Belgian Professor of Political Economy, Emile de Laveleye, in his *Primitive Property*, setting out from different standpoints, have both proved satisfactorily that primitive organizations were formed among relatives. Kinship and the natural affection attendant thereon were elements of power in keeping men together.

But another important factor was the necessity of coöperation, in order to produce the commodities requisite for existence and for any progress in material and spiritual well-being; the latter consideration coming more in the foreground with the advance of human development. Nature has provided for the combination and division of labor in furnishing her children with different physical and mental gifts, and this diversity is developed by the various positions individuals occupy in the society. Exchanges are one of the first conditions of coöperation, of combination and division of labor. The rule is expressed in the formula of Roman law, "*Do ut des*," I give that you may give. But how does this exchange take place? Money is an after-thought and presupposes age and development in any community making use of it. Money means an intermediary. A farmer exchanges wheat for a coat by means of the medium called money. The formula is  $A = B$ ,  $B = C$ .  $A = C$ , A representing the coat, C the wheat, and B the medium of exchange, or money. A and C being each equal to B, are equal to each other. In direct exchange, we have  $A = C$ ; *i. e.*,  $x$  bushels of wheat = 1 coat. This sort of direct exchange without the entrance of an intermediary into the affair is called barter, and is the form in which all exchanges are made in the earliest stages of social development, and that in which innumerable transactions occur in the most highly cultured States with a fully developed monetary system. As late as 1600, civil service officers in Prussia received a large portion of their salary in kind. Some of these old accounts make a strange impression at the present time. Thus we read that Privy Councillor Wedigo von Puttlitz

received, per annum, 600 thaler, 2 oxen, 5 fat swine, 18 sheep, 2 tubs of butter, a tubful of cheese, and in addition to some other articles, 100 kegs of beer. Not long since, the professors in Freiburg received a certain quantity of wine per annum, and some of those in Marburg, a number of geese yearly. The latter were in consequence vulgarly called *Gäuseprofessoren*—goose professors.

Barter is of three kinds: commodity may be exchanged for commodity, personal service for personal service, and personal service for commodity, some return is rendered in all these cases for what is received. Barter implies reciprocity. Transfers of commodities and services take place, however, where the receiving party makes no direct return. They are not reciprocal; they are not exchanges. A present, a gift, is an example. An economic good is transferred from the one party to another without an economic return. It is a one-sided transfer of a commodity or economic good. Another example may be found in personal services rendered to the State without a direct and sufficient economic return. Under this head may be mentioned the labor of farmers in building and maintaining roads in the United States, and the military service of soldiers in countries like Germany where their pay is no adequate compensation. This service resembles a tax, and is, indeed, popularly called the blood-tax in Germany. This brings us to taxes, strictly speaking. They are not barter or exchange. They are one-sided transfers of economic goods. They are not the result of voluntary agreement. The citizen pays his taxes because he is a citizen, and it is his duty as a citizen to do so. It is one of the obligations which flow from the fact that he has been born into the State and lives in it. As the State is a divine institution, since it is a necessary consequence of the nature given us by God, its obligations are sacred. It is true, the citizen receives benefits from the State, as, *e. g.*, protection, education and free parks, but he receives them as a citizen, and without regard to the taxes he has paid either in kind, in personal services or in money. He that receives most may pay the least to the State. The rich and powerful may ask for no protection or aid and yet be obliged to contribute their share for the general good. But I cannot enlarge upon this topic. I wished simply to describe a one-sided transfer of commodities or services, a bribe to an unjust judge and inheritances are other cases. We cannot give the name barter to these services, as they lack the reciprocal element which that word implies. There is a word more inclusive than barter and that is truck. We may then give the name truck system or truck economy to all transfers of economic goods, including services; land and commodities taking place previous to the introduction of money.

Under *truck economy* may be ranged the following subordinate classes:

I. One-sided transfers of commodities and services; commodities in this place being understood to represent all economic goods save services.

II. Barter, reciprocal transfers of commodities and services. These are of three kinds: (1) Commodity for commodity; (2) commodity for services; (3) service for service.

This classification will show you how multiform are the transfers of economic goods and how difficult it would be to effect them in modern society without the intervention of an intermediary or medium of exchange. One person wishes to make one sort of a transfer and receive in return another kind of economic goods, but is unable to find a person having what he wants, who at the same time desires the proffered transfer. When he wants a commodity, a personal service may be offered, and *vice versa*. Or if he discovers one who desires to exchange commodity for commodity, he may not find the particular commodity desired offered in exchange for the particular commodity he has to transfer.

The inconveniences of the truck and barter system become clear to one exercising a little imagination. They are so great as to render impossible the development of the higher forms of industrial life under it. Its difficulties have been described in the following language by a well known economic writer, Roscher I, 340-2: "Whenever the division of labor is very highly developed the continuance of barter, or the direct exchange of one object of consumption for another, presents difficulties well nigh insurmountable. How difficult it would be always to find a person who could supply us with precisely what we wanted, and at the same time have need of what we had a surplus of. But how much less frequently would it happen that one's wants and another's surplus would correspond exactly the one to the other in quantity; that, for instance, the manufacturer of nails, desirous of exchanging his nails for a cow, should meet a cattle dealer, who should want exactly as many nails as a cow is worth! Here there is one chief difficulty in the way, viz., that there are so many commodities which cannot be divided without causing a diminution or even a destruction of their value; and that others cannot be stored away in any quantity without becoming a very heavy burthen to their owner. How useful it would, therefore, be, if there was one commodity which should be acceptable to every person at all times, especially if in addition to this, it possessed the qualities of durability, capacity for transportation and for being stored up and preserved. Any person who possessed a proper supply of this one commodity would then be certain of being able to obtain all other exchangeable commodities through its instrumentality, and every seller would be satisfied to exchange what he had to dispose of against this universal commodity. If two values are equal to a third, they are equal to each other. It is, therefore, a simple



matter to use this most convenient of all commodities with which all others are most frequently compared, as a measure of the relative values of all other exchangeable commodities. There is need of such a measure, and it is analogous to the want experienced by the mathematician who has a column of fractions to sum up, and who does it by first reducing them all to a common denominator. A person entrusted with the duty of assessing the value of two hundred different articles would be obliged, if he had no such measure to use to burthen his memory with at least 19,900 different ratios. With it he need carry only 199 in his head. "This is not difficult to understand. There are 19,900 different possible combinations of 200 articles, taken two at a time and 199 combinations when one of them is always used as a member of the combinations. Barter, as I have said, is still used to a great extent, notwithstanding its inconveniences. Two people meet frequently who have objects which they would like to exchange, and yet have no money or an insufficient amount to enable them to trade advantageously otherwise than by barter. Exchanges by barter are, however, undoubtedly diminishing. Even within my memory a change in this direction has taken place in one part of our country. I can remember when the farmers, in the region referred to, used to dispose of a considerable part of their products by barter; whereas, they now generally sell and buy for money. There used to be a Farmers' Exchange in the place designed especially for conducting a barter business with farmers, but it disappeared some ten years ago. Thus, no doubt, there are those among our readers who have been able to observe a substitution of money for barter economy.

The inconvenience of the truck system, the want of a measure of value, a medium of exchange, a store of value and a legal tender, have led to the adoption of one or more substances which have served these purposes. But the need of a medium of exchange must have first made itself felt. Money means more than a medium of exchange, but it probably meant this first and foremost. The practical needs of business, the necessity of exchanging products, induced people to agree upon different objects as media of exchange. This was done at first spontaneously without compulsion on the part of the Government. Objects were selected which were more universally desired in the particular place and time than any others. People took them even when not desiring to consume them, because they were certain to find others who would need them. An object cannot be spoken of as money or a medium of exchange until it is desired as a means of obtaining other commodities as well as for itself. I find that the following objects have at one time and another been used as media of exchange. Wheat, corn and rye, to all of which their bulk and perishable nature could

be objected. Consequently they have not been used very extensively. Cattle and sheep have been used all over the world as media of exchange. Homer describes the use of oxen for this purpose. The early Italians and the New Englanders at one period used cattle for money. Our word pecuniary comes from the Latin *pecunia*, money, and that is derived from *pecas*, cattle, pointing to this early usage. They were thus employed in Scotland and Wales after the abandonment of Britain by the Romans. Fines were declared in sheep and cattle in the German laws of the middle ages called the *leges barbarorum*. This use has left its trace in our word fee, meaning a payment. It comes from the German word *vieh*, cattle, and is pronounced like it. A serious objection against cattle as money was the want of uniformity in their value. It was indefinite to say an object was worth, *e. g.* two or three oxen. When taxes were paid in cattle in New England, the "lean kine" used for that purpose became proverbial. Nevertheless, cattle are so universally acceptable in all early stages of National development that they seem at times better adapted to perform the functions of money than other objects, which can be obtained. "It is very possible," says Sir Henry Maine, "that kine were first exclusively valued for their flesh and milk; but it is clear that, in very early times, a distinct and special importance belonged to them as the instrument or medium of exchange." We read further that the following additional substances have been used as money: rice on the Coromandel shore; cacao beans among the aboriginal Mexicans; oil in the Ionian Islands; wampum among the early New Englanders; tea at the Russian fairs; dates in the oases of African deserts; beaver and sealskins and furs generally in different places, but particularly in the north, where they would be most needed; further, dried fish in northern countries; salt in the form of bricks in Africa. Land has also performed some of the services of money. Certain German laws expressed fines in acres of land. Hemp and flax have served as money in the United States. Tobacco has been used as money very extensively in our South, particularly in Maryland and Virginia. Mackenzie, in his *Nineteenth Century*, describes the inconvenience in Virginia due to a depreciation of tobacco money and a correction of the evil by a destruction of part of the tobacco. It is a curious and instructive instance, showing that there may be too much of the accepted money of the land, and that after a certain point has been reached, additional money produces harm only. The passage referred to is this: "In the absence of money, (*i. e.*, metallic money) tobacco became the Virginian currency. Accounts were kept in tobacco. The salaries of members of Assembly, the stipends of clergymen, were paid in tobacco. Absence from church cost the delinquent fifty pounds; refusing to have his child baptized 2,000 lbs.; entertaining a Quaker, 5,000 lbs. When the stock of mo-

ney was unduly large, the currency was debased and much inconvenience resulted. The Virginians corrected this evil in their monetary system by compelling every planter to burn a certain proportion of his stock."

Experience has, however, decided in favor of metals for money during the greater part of the history of civilized countries. The different lands of the world have not, however, used gold and silver as money in this early economic history, but have one and all passed through periods in which inferior substances were used. Examples are lead, tin, iron and copper. This has been due, in part at least, to their poverty. They did not need so valuable media of exchanges, as the goods exchanged were less valuable. Perhaps few goods were exchanged which were as valuable as a piece of gold of any considerable size. Further than this, iron, lead, tin and copper were more valuable in the early ages of the world than at present, owing to the backward state of mining industry. But people have passed from less to more valuable substances with the increase of wealth, until the precious metals, *i. e.*, gold and silver have been adopted, and no nation has gone back from them. Perhaps I had a right to say that the Russian Emperor, Nicholas, attempted between 1828-45 to introduce platinum as money. If the attempt had been successful we should have had that metal replacing gold and silver to a certain extent, or at least circulating side by side with them. It was, however, unsuccessful. The ingots could not be converted easily into coins and the coins could not again be turned readily into ingots. This was a *technical* difficulty. We shall find presently that the use of gold and silver for ornaments, enables them better to perform the functions of money; but platinum was not desired for ornaments, and this was an additional difficulty in the way of using it as money.

The following are reasons why gold and silver are at present peculiarly adapted for use as money:

They are universally valued. We find a desire for gold and silver ornaments existing even among people who have scarcely clothing. No feeling is perhaps more widespread than the desire to adorn one's person. The ability of the precious metals to satisfy this side of our human nature is one of the elements which gives them a *considerable stability of value*, and renders them fit to serve as a measure of values. The reason of this is evident. When the value of the precious metals rises, the demand for them in the shape of ornaments or manufactured articles other than money diminishes, and when the value falls, the demand increases. A diminishing demand lowers prices, and an increasing demand raises prices. Demand and value are like the two metals of a compensation pendulum, since their movements neutralize each other as described. The enormous amount of this actually existing stock of gold and silver

aids in maintaining a tolerably constant value in the precious metals, when foolish legislation does not enter as a disturbing element. Perhaps few of you have any adequate conception of the quantity of gold and silver now in the world. The gold in coin and bars and the silver coins now existing are estimated to be worth some six thousand millions of dollars. The production of one mine or of one year when acting upon the total amount of gold and silver, is obliged to spread itself over such a great surface, that it produces about as much effect as a glass of water thrown into the sea.

The *high specific value* of the precious metals, *i. e.*, the high value in proportion to weight and volume, renders them *easily capable of transportation*, and thus gives them *nearly the same value* in places quite remote. This durability and indestructibility qualify them for carrying value from place to place or from time to time, while their *extreme divisibility*, without loss of value, enables them to measure any specified value, great or small.

They are further easily recognizable by their color, their peculiar ring and in other ways, thus rendering their use convenient and preventing knaves from imposing continually upon honest people.

Their malleability makes it easy to work them into any desired form in coining them. Their last quality to be mentioned in this connection is their homogeneity. They are uniform or homogeneous, so that equal quantities or weights have equal values.

We have not yet got farther in our consideration of the money functions than its use as a medium of exchange, but this involves other offices, to some of which we have alluded in enumerating the reasons why gold and silver had been so generally adopted as media of exchange. The adoption of a substance for this purpose gives it the name of money, in one sense of the word, at least. But this does not include the whole of some conceptions signified by the term money. We have to ask, then, what is money in the modern sense of the word? The answer to this question has given occasion for endless discussion, scholastic wrangling and verbal quibblings. It has all been caused by an imperfect analysis of conceptions and a desire to discover unity and simplicity where there was neither the one nor the other; which, by the way, is one of the most fruitful sources of error in political science. The truth is, the sign, the word, money, stands for three distinct ideas or conceptions. One writer has fixed his attention on one conception, another on a second, and still another on a third, and each has maintained that he was right. The truth is, they have all been right and all wrong; right in defining one conception, wrong in excluding others.

There is first the ordinary or popular use of the word money. What do men *mean* when they utter the word money in every-day conversation. What *conception* have they in their mind? The an-

swer is to be found in the definition of money given in page 4 of Francis A. Walker's *Money, Trade and Industry*, one of the very best works on money. It is as follows: "Money is that which passes freely from hand to hand throughout the community, in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it, and without the intention of the person who receives it to consume it or enjoy it, or apply it to any other use than, in turn, to tender it to others in discharge of debts or payment for commodities."

This, I think, you will agree, is what people ordinarily mean by money. But there is still another conception conveyed by the same word, which may be called the legal conception. Here the law is arbitrary. "That object is money in the legal sense which is used as money wherever the use of money is legally regulated." Now what is the essence of legal regulations? Is it not declaring a legal tender, which people are obliged to receive and upon its receipt to release debtors and others from obligations? I should say, then, that whatever is legal tender, is money in the legal sense.

But political economists have framed still a third conception, different from the other two. This we may call the politico-economic conception, describing money in the sense of the political economists. In accordance with this definition, *that* only is money which performs *all* the following functions.

It must in the first place serve directly as a measure of value. It must consequently possess value in itself. Value measures value as length measures length. How do we measure length? Evidently by taking some concrete length as a standard or unit, *e. g.*, an inch or a foot. We say, then, that the length of this board is six, seven or eight feet, meaning that it contains our unit one foot, six, seven or eight times. In the same way, we take a definite concrete value, as that of 25.8 grains of gold, nine-tenths fine, and call it one dollar. When we say that an article is worth nine dollars, *e. g.*, we mean that its value is nine times that of our unit of "value-measurement." The quantity of utility contained in the one is nine times as great as the quantity of utility contained in the other, for value here means simply a quantity or amount of utility.

The second function which money, in the politico-economic sense, must perform, is one we have already discussed. It serves as a medium of exchange.

Its third function is to serve as a means of making payments. It does this generally by having a legal-tender quality attached to it. The difference between this function and that which money performs as a medium of exchange will become clear to you if you call to mind the distinction between barter and truck.

An exchange is reciprocal: payment is not and does not necessarily pre-suppose a return in past, present, or future. Payment is the transfer of a sum of money to satisfy the demand another has on one for money. The demand can have arisen in various ways. It may be due to an earlier sale on credit or it may be the consequence of a fine. Indemnification for a damage is another possible cause. A payment generally effects a difference in one's property, *i. e.*, in the goods under one's immediate control, and to which one has an exclusive right of possession, but it does not alter one's resources. If I owe \$1000, my resources are not altered by the payment of that sum in satisfaction of my obligation, but my property is diminished thereby.

Money, in the politico-economic sense, performs the fourth function of serving as a store of value. Value is by its means transferred from place to place with convenience and comparative safety, and is also carried from time to time. Value stored up now in gold or silver may exist two thousand years from to-day. Coins have, indeed, been discovered as old as that, which were so unimpaired by age as to be in every respect equal to freshly-coined money. The indestructibility of the precious metals and their steadiness in value adapt them to the performance of this function.

The distinction we have made between the three uses of the word money, renders it easy to answer many otherwise perplexing questions. Thus, it is often asked: Are bank notes money? Well, I do not find it difficult to answer this question. I must only first know something about the particular bank notes in question, and be informed as to which conception of money my interrogator has in mind. Let us suppose reference is made to our National-bank notes. I take up the first definition, which describes money in the popular sense of the word. If they are money in this sense of the word they must "pass freely from hand to hand throughout the community in final discharge of debts and full payment of commodities, being accepted equally without reference to the character or credit of the person who offers them and without the intention of the person who receives them to consume them, or enjoy them, or apply them to any other use than, in turn, to tender them to others in discharge of debts or payment for commodities." I find our National-bank notes performing all these offices and declare them money in the popular sense of the word.

But if my interrogator, in asking me if National-bank notes are money, wishes to restrict the word to the legal conception, then I reply: in ordinary transactions they are not money, if it be once granted that to the word money no other signification can be attached. They are not generally legal tenders, and consequently not, as a rule, money in the legal sense. I take up a bank note

however, and read on the back of it "This note is receivable at par in all parts of the United States in payment of all taxes and excises, and all other dues to the United States, except duties on imports, and also for all salaries and other debts and demands owing by the United States to individuals, corporations and associations within the United States, except interest on public debt." In these specified cases, then, bank notes are money, but as between two private individuals they are not.

But are bank notes money in the politico-economic sense? Do they in themselves measure value or do they in themselves store it? No, they cannot do this, since they are in themselves not valuable. They read: The First, Second or Third National Bank of Baltimore, or some other city as the case may be, "promises to pay the bearer on demand." The gold and silver which can be obtained for a bank note contain the value which serve as a unit and store of value. Suppose you write on the note instead of "promises to pay five dollars," "promises to pay" one hundred saso or one hundred hoho, who can tell the value either intrinsic or extrinsic of the price of paper? You see it is something outside of the paper which measures the value, for you may stamp any strange device on a piece of gold without altering in the least its value. National-bank notes cannot perform all the functions of money in the sense of the political economists, and are consequently not money in that sense of the word. By examining in the same way Government notes or greenbacks, I find them money in the popular sense of the word and in the legal sense, but not in the politico-economic sense. I find, however, that gold coin is in every sense of the word money, since it performs every function implied in every conception of the word money.

No invention was ever more wonderful or far reaching in its effects than that of money. It serves as a store of value, carrying value from place to place and time to time. What is not implied in that! It enables the poor German peasant to better his condition by emigrating to our fertile West with ease and convenience, and without losing his accumulations—his hard earnings. What he has he converts into money and brings it with him. That is valuable everywhere, and can be transported with little danger and no cost. But he could never bring his horse and few cows, or other bulky commodities with him. Were it not for money, emigration would involve the loss of the greater part of his little store.

Is not the invention of the saving banks one of the grandest events for the laboring man which ever happened? Yet how would they be possible without some permanent, comparatively unchanging, store of value?

Money thus enables us to provide in youth for old age, in health for sickness, in time of abundance for a time of need. It furnishes

in the same way a means of moral education. He who has learned to sacrifice the present enjoyment of money in order to store up value which shall assist him in the future to improve his condition, to maintain a manly and independent spirit, or to aid others, has won a triumph over a sinful propensity of our nature; for is not all sin simply the bartering away of a greater future good for a smaller one in the present? Self-conquest in one direction, as in resisting the temptation to spend what ought to be saved, will enable us with increased strength to meet future evil allurements. It is in this that consists the great importance of savings banks connected with schools. They teach children the practice of virtue as well as right principles. They help to overcome the great weakness of modern schools, the separation of precept from actual practice, and money helps to bring out, to develop that social side of our nature to which I referred in the opening of this lecture. *Forbidding* isolation, it *compels* to social coöperation. It connects the men of the present with those living in the past and with those who shall come after. It draws together men of all nations and of every clime. It forces upon us the recognition of the unity of the race and the brotherhood of man. We find thus that even in money is there a divine element.

But it is not necessary to enlarge upon the benefits of money. To perceive them we have only to look about us and discover what is good in modern civilization. Money has helped to make us what we are and give us what we have. But this implies evil as well as good. There are dark sides to our boastful nineteenth-century civilization, and money has also been instrumental in this development. We assent to the wise man's proverb: "The love of money is the root of all evil," but to it we must add, "and the source of all good." Both statements may be exaggerations, but the evil and good connected with money are so manifest, so all-pervading, that they at times seem to embrace everything that is to be desired and everything that is to be dreaded. It is the office of all good men to assist the world in steering clear of every evil Scylla and Charybdis of money-getting and money-spending, and in these matters as in others to follow the golden middle street, which ever leads to life and happiness.

RICHARD T. ELY.

---

THE NATIONAL DEBT.—There has been issued a Parliamentary return, showing what has been accomplished in the way of a reduction of the National debt during the past twenty-five years. In that period the debt has been reduced to the extent of £76,000,000. In addition to paying off this sum, however, we have invested about £11,000,000 in the acquisition of the telegraphs, and there is now outstanding a sum of about £19,000,000, which is the unliquidated balance of debt created for the purchase of the Suez Canal shares, and for loans to local bodies. But for these investments of £30,000,000, the total reduction of debt would have amounted to £106,000,000.



## THE GOVERNMENT AND THE CIRCULATING MEDIUM DURING THE WAR OF 1812.

The charter of the first United States bank expired in 1811, and the second one began business in February, 1817. During the interval the money in circulation was poor enough. The notes issued by the first National bank had been willingly received everywhere, for their redemption was never questioned. In its vaults there always lay more specie than was needed to redeem every note. Never before had the country been favored with a paper money so nearly perfect. Moreover, by refusing to receive the bills of other banking institutions of questioned solvency, the National bank exercised a healthful influence in restraining their issue.

When the charter of the National bank expired, its notes were withdrawn, and the notes of State banks were put into the chasm. These institutions rapidly multiplied, for great profits were expected from the business. During 1811 and the two succeeding years, one hundred and twenty banks were chartered and went into operation. Gov. Snyder of Pennsylvania had the courage to veto a bill authorizing a wholesale creation of banks in that State. They were scattered everywhere, and added nearly thirty million dollars of banking capital to the amount previously existing. But there was no addition of real capital. The truth of this statement will appear when their mode of raising capital is described. The first installment was paid, and then the banks were organized, and discounted stock notes to meet the subsequent payments. Of course, the practice was soon discovered. Issued in this manner, the entire body of circulating medium, except the issues of the New England banks, began to depreciate. So far below par did their value fall, that confidence was unsettled in their future convertibility.

This increase of bank notes occurred on the eve of war, during the earlier period of which, exports were almost annihilated, and also the foreign and coasting trade. As only a small portion of this manufactured capital could be loaned to mercantile enterprises, considerable sums were invested in Government loans. Finding a good demand in this quarter, bank notes rapidly multiplied. The Eastern banks, however, did not subscribe so liberally to them, because the war in that section was unpopular; but elsewhere they subscribed very freely, and made discounts to individuals who did likewise: while others withdrew their deposits, and loaned them to the Government. These transactions greatly swelled the volume of paper money.

The indiscretion of the banks—chiefly in Baltimore, Philadelphia,

and New York—in thus expanding their issues was inexcusable. They knew that their specie was leaving them, and that vast quantities were going to Great Britain. The New England banks were liable to a penalty of twelve per cent. annually for the non-payment of their notes. This regulation produced a good effect; for their notes maintained their full value, even when those of other sections were depreciated. The consequence was, the difference between the New England prices of commodities, stocks, and foreign bills of exchange, and those of Pennsylvania, was equal to the extent of the depreciation of the currency of the latter; and as "our bank notes," says Gouge, writing from Philadelphia, "were redeemable on demand, the most profitable remittance which could be made to New England, in exchange for her commodities, was specie."

The banks in the Southern and Middle States having been emptied of their specie, the capture of Washington, in August, 1814, caused them to fail. Those at the capital fell into the hands of the enemy; but there was scarcely anything in them. Already were the banks on the brink of ruin. Those at Baltimore soon gave way. The wave spread northward. The six at Philadelphia fell next, whereupon their several presidents gravely and gladly advertised that coin could be no longer paid. Heavy importations of foreign goods into Eastern ports, they affirmed, had drawn their specie thither; and the drain had been increased by an unusually large trade in British bills of exchange, which had caused large amounts to be exported from the United States. The following day the New York banks suspended; but those in New England withstood the pressure. One of them, which had speculated too largely in the paper of the Government, it was feared, would succumb; but, relieved by rivals, its credit was saved.

The broken banks, though refusing to redeem their notes, professed their desire and ability to do so at an early day. The commercial world, however, was not seriously shaken; for the legal money, gold and silver, remained the standard of value. That standard the banks could not change: indeed, the influence of its fixedness was never more extensive or salutary. Bills of doubtful credit were compared with it, and their value was ascertained. They became a merchantable commodity, and were often purchased with legal coin. They were daily sold at a discount, which was regularly announced in the newspapers: they were even sold at public auction, the purchaser paying in legal money.

The prices of merchandise and exchange corresponded to the depreciation. Tea, coffee, and every article of commerce had only one value, although that was expressed differently, if payment were made in bank notes instead of coin. When the depreciation was twenty per cent., eighty dollars of silver would buy all that could be procured for one hundred dollars in the depreciated paper. If

the seller could not at first perceive this, the buyer went to a broker with his silver, and bought bank bills at the discount price. The note which pretended to be one dollar was, in fact, but eighty cents; and this was universally known, so that no deception was practiced in paying or receiving it.

Nevertheless, the inconvenience of such a circulating medium was very annoying. Except in the New England States, scarcely any two towns had the same money. "In the Southern and Western States the depreciation in some instances exceeded even twenty-five per cent. Not only was an accurate knowledge of the nominal exchange of the day necessary, before making purchases at a distant place, but a traveller proceeding from the South or West towards the North or East, if he were so fortunate as to have his money received at all, could not adjust his reckoning at an inn till an abstruse calculation was made of the discount to which his bank notes were to be subjected, or till he had recourse to the interposition of a broker."

Great as was the inconvenience of using such a circulating medium, no serious losses occurred. Unfortunately, the Secretary of the Treasury believed that depreciated bills should be received without discount, not in payment of loans only, but also in payment of duties and other taxes. Where the Government could not get legal money, it accepted discredited paper. It hoisted the sign on its Custom-houses, and in the offices of its tax-gathers, "Bills of broken banks received here." Is it singular that bank notes then multiplied? The crier was sent into the cities to shout at the corners of the streets and in the ears of the money changers, "Depreciated paper borrowed by the Government at par value!" Thenceforth, a premium was set on depreciation; and cities, seeking their interest, vied with each other in debasing their local currency.

Who was responsible for receiving depreciated money as equivalent to specie during the war?

One ill effect of this action of the Government was to draw importations to the port where paper money possessed the least value; namely, Baltimore. The mercantile wealth of the country anchored at its wharves, and its streets resounded with the din of business which rightfully belonged to other cities. "The practical favoritism of the Government," says Ingersoll, "transferred the warehouses of the Boston and Charleston merchants to the wharves of Baltimore; and though every individual could protect himself, and did protect himself, against the depreciation of paper, yet there was no redress against the injustice of the Government. Different rates of duties were virtually exacted in different parts of the Union. Till Treasury notes fell, Boston paid the highest. This in itself was a wrong. But, further, the amount of business in Boston

was naturally diminished; for merchant vessels sailed for the port where the costs were least. Thus the possession of solid capital, which should have put Boston on vantage ground, operated so far to its injury; and the very circumstance which should have attracted trade, exerted only the attraction of repulsion."

It was at this time that Dallas drew the following picture of the monetary affairs of the Government: "The recent exportations of specie have considerably diminished the fund of gold and silver coin; and another considerable portion of that fund has been drawn by the timid and the wary, from the use of the community, into the private coffers of individuals. On the other hand, the multiplication of banks in the several States has so increased the quantity of paper currency that it would be difficult to calculate its amount, and still more difficult to ascertain its value, with reference to the capital on which it has been issued. But the benefit of even this paper currency is in a great measure lost, as the suspension of payments in specie, at most of the banks, has suddenly broken the chain of accommodation that previously extended the credit and the circulation of the notes which were emitted in one State into every State in the Union. It may in general be affirmed, therefore, that there exists at this time no adequate circulating medium common to the citizens of the United States. The moneyed transactions of private life are at a stand, and the fiscal operations of the Government labor with extreme inconvenience." The picture may be completed by adding that the country was flooded with bank note counterfeits; and these heightened the distrust of the people in the entire mass of the bank circulation.

The sudden determination of the bank to suspend specie payments, including those which held the public deposits, deprived the Government of the use of its gold and silver, without assent on the part of the Treasury. The equally sudden determination of the banks everywhere to refuse credit and circulation to the notes issued in other States, deprived the Government of the only means existing for transferring its funds from the places where they lay inactive to the places where they were wanted, for the payment of dividends on the funded debt, and the discharge of treasury notes. That the bank credits of the Government would soon be exhausted in Boston, New York, Philadelphia, and in other places where were the principal loan offices for the payment of the public debt, was inevitable. Nor could the Government meet its engagements in those cities, unless the public creditors would receive drafts on banks in other States, or would subscribe the amount of their claims to a public loan, or would accept payment in treasury notes.

With this unfavorable prospect before him, Dallas applied to the

banks for assistance. It was not unreasonable to hope, that, having caused the existing embarrassment, they would cheerfully attempt to relieve the Treasury. Every previous request for aid from them had been denied. Nevertheless, he requested those which had acted as agents of the Treasury to assist the Government with the means to discharge the treasury notes, and to pay the dividends due on the public debt for a quarter at the loan offices of their respective States. A great portion, both of the treasury notes and loans, belonged to the banks; and to that extent a protracted credit only was required. The balance of the demand he expected would be paid, if at all, in the notes of the respective banks. To secure and satisfy such advances he proposed that the banks should be admitted on reasonable terms to subscribe to a loan of three million dollars, or should receive treasury notes, or bank notes, or drafts on banks in other States. If any bank preferred to accommodate the Government with a temporary loan bearing legal interest, it would be accepted. From these sources Dallas hoped to get relief, but failed, as enough banks would not co-operate to render the plan successful. He did succeed, however, in getting the money needed to pay the most pressing obligations by selling a considerable quantity of Government stock.

Near the close of 1814 the Treasury was so low that the committee of claims seriously thought of recommending that all claims whose validity should be determined by Congress should be paid in public stock or treasury notes. Dallas happily checked their inchoate action by suggesting that "it might be injurious to the public credit."

When the banks suspended specie payments in August, 1814, the treasury notes were not fitted to fill the place occupied by the bank circulation. What, therefore, could the Government do for a circulating medium? Of gold and silver, the greater portion had been exported. The notes of the State banks were not redeemable, and passed in many places at varying rates of discount. If the Government had restricted the payment of the revenue to constitutional money, gold and silver, or to treasury notes, or to bank notes payable on demand in coin, the step would have operated as a denial of the means for paying the duties and other taxes at the very crisis when money was most wanted. Nor could any such limitation be imposed with respect to the loans required. A subscription in coin could not be expected. A subscription in treasury notes could not yield any active aid for general purposes; and, consequently, a subscription in the local currencies of the several States was the chief resource for procuring supplies, and for discharging the public engagements. "Under a sense, therefore," says Dallas, "of the necessity which seems for a time to have reconciled the whole nation to the suspension of payments

in coin, the treasury continued to receive bank notes in satisfaction of every public claim and demand; and Congress, after a session of six months, adjourned on the 3d of March, 1815, without intimating any objection, or making any provision upon the subject." Nevertheless, the Government should have received the bank circulation at its true value, as merchants did in the beginning. Had this position been taken and maintained by Dallas's predecessors, the embarrassments of the Treasury would not have been so severe. A different path having been chosen, Dallas could not do otherwise than walk therein, for a time at least, until he could find a better way.

By the rule he first established, the Treasury received and paid in the notes of banks circulating at par at the respective places of receiving and paying. For a time, the circulation of such notes was indicated by the banks employed as the depositories of the public revenue by crediting them as cash in the accounts of the United States Treasurer; but after a short period the principal banks refused to do this, except the notes they had respectively issued. What notes circulated at par could then be ascertained only by inquiry. Few notes, except those of the local banks, continued to circulate at par value; and such as did were received by the banks for safe keeping, as a special deposit, constituting a discredited fund on which the treasurer could occasionally draw.

The operation of this measure was severe in many of the collection districts, particularly in the States where the banks which were preparing to resume specie payments had so reduced the issues of their paper as to render the quantity circulating insufficient for the demand. But the Secretary of the Treasury could not wisely change the rule. If notes not circulating at par had been received in one district, a similar practice must have been observed in every other. The inevitable consequence of such a practice would have been the payment of taxes everywhere in the most depreciated paper; and the notes thus received never could have been employed to discharge the demands on the Treasury, even at the places of receiving them. The revenue would have accumulated only to be wasted, while the expedient of substituting treasury notes to meet the public engagements would have led to an enormous increase of the National debt.

Another serious consequence arose from the disordered paper circulation. The Secretary of the Treasury was compelled to augment the amount of the National debt, both funded and floating, by issues of treasury notes, to meet the public engagements at places where he could not command the local currency. Throughout the Eastern States the Secretary failed to get enough local currency to meet the local demand. The banks of those States, fettered by their charters, could not follow the example of banks

elsewhere in suspending coin payments; consequently their issues of notes were very limited, and the circulating medium required was supplied, principally by treasury notes, and partly by the notes of the banks of New York. Under these circumstances the revenue in the eastern section of the Union was almost entirely collected in treasury notes. Inferior difficulties, arising from similar causes, occurred in some of the Southern States, where the accruing revenue was less than the demands caused by the arrearages of war and the current expenditures.

The condition of the circulating medium required the Secretary of the Treasury to perform a very difficult task. The amount of revenue collected varied much in different places; and not infrequently it happened that the debts were greatest where the Government had the least money to satisfy them. So far as practicable, warrants were paid at the places where services were rendered, or supplies were furnished. But if the Treasury possessed no funds at such places, the differences of exchange caused no little difficulty in locating the payment of warrants in an equitable, impartial and satisfactory manner. Gradually the difficulty passed away, except in New England, where it remained for a long time to vex the Secretary of the Treasury. It was fiscally impossible to pay all the demands on the Treasury at one place; and every holder of a warrant was desirous of receiving payment where the medium was of the highest current value.

The condition of the circulating medium seriously affected the management of the business of the Treasury in another way. The banks employed as depositories of the public funds were necessarily increased notwithstanding the injurious consequences to the Government. As soon as the differences in the current value of bank notes were introduced, and particularly when one bank refused to credit as cash a deposit of the notes of another, the Secretary was obliged, either to take the hazard of accumulating masses of revenue in the hands of individual collectors and receivers, or to recognize as places of deposit banks established in the districts which were not affected by the course of the exchanges. The latter measure was adopted, instructions were issued to the collectors and receivers to act accordingly, and the number of banks thus employed by the Government swelled to ninety-four.

Not only were the difficulties of the Treasury department enhanced by multiplying the places of deposit, but there was greater complexity in keeping the accounts arising from the various kinds of notes in circulation, on some of which minute calculations must be made. It was necessary to keep four accounts with each bank,—an account of cash, which meant, in the absence of coin, the local currency; an account of special deposits of bank notes, which were notes issued by other banks than the depository; an account of special deposits

of treasury notes bearing interest; and a fourth account of deposits of small treasury notes not bearing interest.

Such were some of the difficulties encountered by the Government from the suspension of specie payments by the banks. Dallas made every effort which his bold and vigorous mind could suggest to relieve the Treasury from its embarrassments; but he was obliged to tell Congress, at the close of 1816, that his successive attempts had not been effectual. There was no magic, in a mere Treasury instruction to the collectors of the revenue, which could, by its own virtue, charm gold and silver into circulation. The people did not possess a metallic medium; nor could they be expected to procure it unaided by the banks. They, too timid or too interested, declined every overture to co-operate in reinstating the lawful money. Even Congress remained passive. The power of coercing the banks was limited to the rejection of their notes in paying taxes, and to the exclusion of their agency in the custody and distribution of the revenue. Even if this power had been exercised, a coin currency would not have been created; while the people would have suffered, and a hazard been put on all the money due to the Government. Until, therefore, a substitute could be provided, it was useless and impolitic to insist on payment of the revenues in a medium which the people did not possess and could not procure.

One mode of relieving the Treasury somewhat was by employing treasury notes. Issued by the Government, and bearing interest, and receivable in payment of debts and taxes, they were evidently more valuable than bank notes. But bank machinery gave an impulse and direction to its issues which could not be imparted, by the forms of the Treasury or any merely official institution, to the paper of the Government. In the operations of a bank, too, the facilities of bank credits supplied the place, in a very important degree, of the issues of notes; so that a bank loan, so Dallas declared, of thirty million dollars, would probably require no greater issue than six million dollars of notes. On the contrary, the sum raised by an issue of treasury notes must be actually sent in that form into the market, through the various channels of credit and demand. Treasury notes, however, could partly supply the place of a circulating medium; and, so far as possible, Dallas and Congress were desirous of thus employing them.

The State banks, even after suspending specie payments, might have done far more than they did in assisting the Government and individuals. Had they given credit and circulation to the notes of each other throughout the United States, or had they been willing to adopt the fiscal views of Dallas, a total dependence on those institutions, however impolitic in the abstract, would have been practically safe and beneficial. But by continuing to limit their circulation to the city, town, or State where it was issued, their notes



totally failed to fulfil the purpose of a circulating medium; and the receipt of them in payment of duties converted the public revenue, which was destined for general uses at home and abroad, into a local fund, which often was not wanted where it existed, and was wanted where it could not be had. This difficulty might have been obviated somewhat, after a time, by establishing a rate of exchange on the transfer of the revenue from the places of collection and deposit to the places of demand and employment; but Congress did not heed Dallas's recommendation.

---

### GOLD, IMPORTS AND EXPORTS.

Closely related to the subject of reducing the National revenues is the inquiry, what will be the probable amount of imports during the year? If taxes should be reduced and at the same time imports should decline, then perhaps the year would close with a deficit. Before the tax laws are altered, therefore, Congress should consider this question very carefully. Excellent as Secretary Folger's report is in many respects, we think he might have discussed this question more fully, for it is one of the most important elements entering into the subject of tax reduction.

Whether the tariff is changed or not, it is probable that imports will be lighter than they have been for many months past. The increase in the importation of iron and many other products has been due to the high prices charged at home. Prior to 1879 the imports of steel rails declined to a small figure. Of course, this was due partly to the diminished consumption, but not less so to the low prices at which they were sold by domestic manufacturers. Within a short time prices have gone so low that the foreign supply will diminish, indeed it is much lighter already. There are many indications pointing toward lighter importations, which, of course, will yield a smaller revenue. If, then, the rates should be reduced, the revenue would decline still more, unless the importations sufficiently increased in amount to overcome the loss caused by the reduction in the rate to be paid.

On the other hand it is quite evident that in Great Britain and elsewhere abroad great efforts will be made to retain their gold, and if the surplus of our breadstuffs should all be needed in Europe, (as it will be,) so say the most competent authorities, then gold must move this way, unless the prices of foreign productions are put down low enough to increase exportation on the part of foreign countries. It is certain that they will endeavor to stop the outflow of gold. The gold reserve in the Bank of England is

fifty millions less than it was a year ago, and the posted rate of discount remains at five per cent. More gold is not especially needed here, yet it would be welcome, but the gain to us would not be equal to the loss to the countries whence it should come. It is evident that the leading gold countries in Europe are very sensitive about losing gold, and the increase of our exports and the decline of imports would cause no slight disturbance on the other side of the Atlantic.

Thus far, neither exports have increased nor imports declined in fulfilment of the expectations of those who have studied the subject the most closely. Speculation has done much to arrest exportation; imports have been going on in many cases to fill orders given before the decline of prices here. But it is likely that we shall begin to see the effects of lower prices in a lighter import list, and this is greatly to be desired.

## THE NATIONAL BANKS OF THE UNITED STATES OF AMERICA.

We conclude this month Mr. Barnett's very interesting article, which was first read before the London Institute of Bankers and afterward published in its *Journal*.

Annexed is a table showing the progress of these accumulations and their proportion to the capital:

Three ciphers omitted; thus, £ 1,438 = £ 1,438,000.

Capital.	Surplus.		Undivided profits.	
	Amount.	Per cent. of capital.	Amount.	Per cent. of capital.
£	£		£	
1863.. 1,438 ..	..	..	26 ..	1.8
1864.. 17,356 ..	402 ..	2.3 ..	1,196 ..	6.9
1865.. 78,631 ..	7,743 ..	9.8 ..	6,470 ..	8.2
1866.. 83,094 ..	10,672 ..	12.8 ..	6,519 ..	7.8
1867.. 84,014 ..	13,339 ..	15.8 ..	6,750 ..	8.0
1868.. 84,127 ..	15,599 ..	18.5 ..	7,219 ..	8.5
1869.. 85,279 ..	17,233 ..	20.2 ..	8,137 ..	9.5
1870.. 86,079 ..	18,812 ..	21.8 ..	7,722 ..	9.0
1871.. 91,651 ..	20,222 ..	22.0 ..	8,402 ..	9.1
1872.. 95,926 ..	22,051 ..	23.0 ..	9,325 ..	9.7
1873.. 98,214 ..	24,003 ..	24.5 ..	10,903 ..	11.1
1874.. 98,753 ..	25,791 ..	26.1 ..	10,297 ..	10.4
1875.. 100,966 ..	26,871 ..	26.6 ..	10,593 ..	10.5
1876.. 99,960 ..	26,440 ..	26.4 ..	9,289 ..	9.3
1877.. 95,893 ..	24,555 ..	25.6 ..	8,914 ..	9.3
1878.. 93,229 ..	23,380 ..	25.0 ..	8,187 ..	8.7
1879.. 90,813 ..	22,957 ..	25.2 ..	8,260 ..	9.1
1880.. 91,511 ..	24,104 ..	26.3 ..	9,228 ..	10.1
1881.. 92,764 ..	25,630 ..	27.6 ..	11,274 ..	12.1

No dividend may be declared greater than the amount of net profits on hand after deducting all bad debts; that is to say, debts on which the interest is past due and unpaid for six months. This

provision is held to include stocks and bonds upon which interest is past due for the same period. Of late years the bank examiners have had special instructions to scrutinize the accounts and securities in view of this section, and to report all bad debts to the Comptroller. We have, therefore, since March, 1876, very full information as to the losses of these banks, and the amounts charged off half-yearly since that time are given below:—

<i>Date.</i>	<i>Number of Banks.</i>	<i>Losses written off.</i>	<i>Date.</i>	<i>Number of Banks.</i>	<i>Losses written off.</i>
1st March, 1876..	806	£ 1,300,234	1st March, 1879..	1,421	£ 2,047,665
1st Sept., " ..	1,034	2,643,571	1st Sept., " ..	1,442	2,297,466
1st March, 1877..	980	1,635,192	1st March, 1880..	1,360	1,512,777
1st Sept., " ..	1,108	2,351,525	1st Sept., " ..	1,321	1,428,504
1st March, 1878..	1,304	2,180,629	1st March, 1881..	1,210	1,177,952
1st Sept., " ..	1,430	2,712,731	1st Sept., " ..	1,269	1,360,318
<b>Total.....</b>		<b>£ 22,648,564</b>			

The following table gives the geographical divisions in which these losses occurred. To economize space I have selected the first and the last of the years quoted, and also given the proportions of the whole of the losses:

<i>Geographical divisions.</i>	<i>March.—1876.</i>		<i>September.—1876.</i>	
	<i>No.</i>	<i>Losses.</i>	<i>No.</i>	<i>Losses.</i>
New England States.....	201	£ 297,106	282	£ 614,825
Middle States.....	268	710,606	344	1,431,270
Southern States.....	67	61,772	90	179,376
Western States and Territories.	270	230,730	318	418,100
<b>Totals.....</b>	<b>806</b>	<b>£ 1,300,234</b>	<b>1,034</b>	<b>£ 2,643,571</b>

<i>Geographical divisions.</i>	<i>March.—1881.</i>		<i>September.—1876-1881.</i>	
	<i>No.</i>	<i>Losses.</i>	<i>No.</i>	<i>Losses.</i>
New England States.....	285	£ 316,935	318	£ 341,467
Middle States.....	412	509,642	428	595,022
Southern States.....	112	76,922	119	159,447
Western States and Territories.	401	274,453	404	264,382
<b>Totals.....</b>	<b>1,210</b>	<b>1,177,952</b>	<b>1,269</b>	<b>1,360,318</b>

It will be observed that in 1881, although the amounts had considerably decreased, they were borne by a much larger number of banks.

The following shows the losses in some of the principal cities:

<i>Cities.</i>	<i>1876.</i>	<i>1877.</i>	<i>1878.</i>	<i>1879.</i>	<i>1880.</i>	<i>1881.</i>
	£	£	£	£	£	£
New York...	1,374,752	849,588	1,029,462	627,111	410,876	464,200
Boston .....	319,744	438,411	498,400	531,800	202,166	160,211
Philadelphia.	30,595	66,649	112,335	98,312	79,988	81,210
Pittsburgh...	66,770	57,893	83,807	66,640	51,622	51,618
Baltimore....	175,241	40,119	73,783	58,901	42,266	19,836
New Orleans.	103,900	57,252	67,700	54,578	23,616	14,980

These losses fall upon the undivided profits, and only when they exceed the amount of that fund can any portion of them be charged to the surplus fund. Unless, after charging the bad debts, there remain sufficient undivided profits no dividend can be declared, and the number of banks that have had to pass dividends during these named years is not inconsiderable. I have arranged them below under dates.

<i>Date.</i>	<i>Number of banks declaring no dividend.</i>	<i>Capital.</i>	<i>Total number of banks.</i>	<i>Total capital.</i>
March, 1876..	235 ..	£ 6,858,000 ..	2,091 ..	£ 100,963,000
Sept., " ..	273 ..	8,812,000 ..	2,089 ..	99,960,000
March, 1877..	245 ..	8,091,000 ..	2,073 ..	97,937,000
Sept., " ..	288 ..	8,233,000 ..	2,080 ..	95,893,000
March, 1878..	328 ..	9,759,000 ..	2,063 ..	94,790,000
Sept., " ..	357 ..	11,747,000 ..	2,053 ..	93,230,000
March, 1879..	309 ..	10,769,000 ..	2,048 ..	91,122,000
Sept., " ..	299 ..	8,915,000 ..	2,048 ..	90,813,000
March, 1880..	226 ..	6,081,000 ..	2,075 ..	91,219,000
Sept., " ..	233 ..	5,267,000 ..	2,090 ..	91,511,000
March, 1881..	175 ..	4,064,000 ..	2,094 ..	91,651,000
Sept., " ..	171 ..	3,677,000 ..	2,132 ..	92,764,000

It will be observed that at those periods at least, the regions where the largest amount of capital was without dividend were not those where the largest amount of losses had occurred.

The next point for us to notice is that relating to the pecuniary burdens imposed on these banks. They are required to pay every half-year one-half per cent. upon the average amount of their note circulation; one-quarter per cent. upon the average amount of deposits; and a quarter per cent. on the average amount of capital, after deducting the amount they have invested in United States bonds. These taxes do not relieve them from liability to whatever duties may be imposed on their capital by the State in which they are situated; but it should be added that these burdens are borne in common with all classes of banks. They have also to reimburse the Treasury for all charges incurred in respect of the redemption of their notes, and for the cost of engraving the plates required for printing them. Further they have to pay fees, ranging from £4 to £15 for the visits of the bank examiners. These taxes have been the cause of very great dissatisfaction among the banks, and the Comptroller has many times recommended their repeal. There can be no doubt that they were originally imposed for the purposes of the war, and afterwards were continued to assist in the vigorous efforts at redemption that were being made; but those necessities have passed away and there would seem to be no just cause for continuing the tax, particularly that upon deposits, which is economically unsound. Last year, owing to anticipated opposition to the measures for refunding, a bill for the repeal of this tax was hastily passed through the Senate, but it did not come before the House of Representatives.

The amount of taxes paid by the National banks to the United States from the commencement of the system to July 1, 1881, has been £21,771,000—composed as follows:

Tax on circulation.....	£ 9,812,507
" on deposits.....	10,528,870
" on capital.....	1,429,627
	<hr/>
	£ 21,771,004

It should be mentioned that while the tax paid on the circulation has been, as above quoted, nearly ten millions, the whole cost to the Government of the National-bank system has been but £1,030,000. The ratio of taxes, both United States and local, to capital since 1866, is given as follows:

Years.	Ratio of tax to capital.			Total.	Years.	Ratio of tax to capital.			Total.
	U. S.	State.	%			U. S.	State.	%	
* 1866..	1.9	2.0	3.9	...	1874..	1.5	2.0	3.5	...
1867..	2.2	2.1	4.3	....	1875..	1.5	2.0	3.5	....
1868..	2.2	2.1	4.3	....	1876..	1.4	2.0	3.4	....
1869..	2.4	1.7	4.1	....	1877..	1.4	1.9	3.3	....
1870..	2.4	1.7	4.1	....	1878..	1.7	1.7	3.4	....
1871..	2.4	1.7	4.1	....	1879..	1.5	1.7	3.2	....
1872..	1.4	1.8	3.2	....	1880..	1.8	1.8	3.6	....
1873..	1.4	1.8	3.2	....					

Great inequalities exist in the rates of taxes imposed on bank capital by the various States, and also in the mode of assessment. Although it is expressly provided that the rate of State taxation shall not be greater than is imposed on other moneyed capital in the same State, discriminations are made against National-bank shares, and give rise to much dissatisfaction and numerous lawsuits.

Great dissatisfaction is also caused among National banks, in common with the other banking interests of the United States, by the two-cent. stamp required on bank checks. This is the only stamp duty on drafts or bills, and is only required on drafts drawn upon "any bank, banker, or trust company." From the time of its imposition in 1864 till 1875 only drafts "at sight or on demand" were subject to the stamp, but in the latter year it was extended to all drafts on bankers. The repeal of this tax has also been several times recommended by the Comptroller, and is proposed in a bill introduced by Mr. Buckner in the present session. Subjoined are the amounts received from bank-check stamps in the last two years and the number represented by them, whereby we may gain some idea of the number of checks used annually:

		No. of Stamps.
1880.....	£ 460,000.....	115,000,000
1881.....	473,216.....	118,304,000

Within ten days of declaring any dividend the bank must report to the Comptroller, under oath, the amount of the dividend and the amount of the net earnings in excess thereof.

The dividends paid by the banks have been upon the whole fairly satisfactory, although, taking into consideration the value of capital in the United States, and the general rates of interest prevailing, the average dividend on National-bank stock must be pronounced moderate. The taxation to which I have just referred has averaged three and one-half per cent. upon their capital, and no doubt the great expenses attending so many separate organizations must have contributed to keep dividends down. I regret that there is nothing in the Comptroller's report that will enable us to form any estimate on this head. We must bear in mind that these dividends have been concurrent with considerable accumulations of reserve funds. I annex the rates of dividends paid since 1869, the tables at my command going no further back:

Average dividend			Average dividend			Average dividend	
Years.	per cent.		Years.	per cent.		Years.	per cent.
1869..	10.8	....	1874..	9.9	....	1878..	7.8
1870..	10.1	....	1875..	9.9	....	1879..	7.6
1871..	10.1	....	1876..	9.4	....	1880..	8.0
1872..	10.2	....	1877..	8.9	....	1881..	8.4
1873..	10.3	....					

This ratio is the average for all the National banks, and includes, of course widely-differing results in individual cases. I have already referred to the number of banks passing dividends; those that were paid in 1881 varied by State and city averages from five per cent. in Washington, to forty-six per cent. in Idaho.

The very stringent regulations with regard to bad debts, have, no doubt, contributed very largely to the safety of the banks, and this result may be read in the comparatively small record of failures among them, as well as in the generally favorable liquidations that have followed. From the latest returns I gather that since the commencement of the system only eighty-six banks have failed, having a capital in all of under four millions sterling. The claims already proved amount to £5,157,000; these would not include their circulation, which is provided for immediately upon failure by sale of bonds deposited, or by the deposit of lawful money in the Treasury. Of these banks twenty-seven have paid in full all claims upon them, amounting to £1,610,511; nineteen, whose accounts are finally closed, have paid in varying rates upon claims of £1,156,606, an average of 59.5 per cent. The liquidations of forty banks, with claims amounting to £2,390,135, are still proceeding.

We must note the promptitude with which some of these liquidations have been conducted. In 1880 but three banks failed, and all in the month of June; before the Comptroller's report of first December in the same year eighty per cent. of their liabilities had been paid.

Even in the case of the Mechanics' National Bank of Newark, which failed so disastrously in November last, dividends amounting to forty-five per cent. have already been declared.

The cost of these liquidations has been very moderate, as will be seen by the following particulars of accounts of National banks failing prior to November, 1879:

<i>No. of banks.</i>	<i>Capital.</i>	<i>Total net cash collected.</i>	<i>Receivers' salary.</i>	<i>Legal expenses.</i>	<i>Other expenses.</i>	<i>Total expenses.</i>	<i>Expenses per cent. of total cash.</i>
	£	£	£	£	£	£	
81	3,491,000	5,365,000	169,730	104,215	83,732	357,677	6.7

If the total amount realized by the sale of bonds deposited against the circulation were omitted from the item of cash collected, the ratio of expense would be 9.73 per cent. On the other hand, offsets are very frequently allowed, and bad or doubtful assets exchanged for proved claims against the banks, the amounts of which do not appear in the cash collected, whilst the cost of the operations is included in the above account.

The following is the record and analysis of banks which have failed from the commencement of the system to first November, 1881:

<i>Year.</i>	<i>No. of banks.</i>	<i>Capital.</i>	<i>Claims proved.</i>	<i>Year.</i>	<i>No. of banks.</i>	<i>Capital.</i>	<i>Claims proved.</i>
1865..	1	£ 10,000	£ 24,418	1874..	3	£ 60,000	£ 66,400
1866..	2	100,000	220,740	1875..	3	160,000	313,900
1867..	7	274,000	671,620	1876..	10	203,000	259,549
1868..	3	42,000	61,561	1877..	11	848,800	948,540
1869..	2	60,000	47,977	1878..	16	498,500	374,836
1870..	—	—	—	1879..	5	100,000	90,372
1871..	4	330,000	492,741	1880..	4	240,000	146,494
1872..	4	116,200	103,109	1881..	—	—	—
1873..	11	710,000	1,334,995				
Totals.....				86	£ 3,752,500	£ 5,157,252	

## ANALYSIS.

<i>Position of Liquidation.</i>	<i>No. of banks.</i>	<i>Capital. £</i>	<i>Claims proved. £</i>	<i>Dividends paid.</i>
Liquidation finally closed..	22 ..	892,000 ..	1,280,825 ..	100 per cent.
" " " ..	19 ..	579,000 ..	1,156,606 ..	From 17½ per cent. to 96½ per cent. Aver- age, 59½ per cent.
Liquidation still proceeding	5 ..	280,000 ..	329,686 ..	100 per cent.
" " " ..	40 ..	2,001,500 ..	2,390,135 ..	From 8 per cent. to 95 per cent.
Totals.....	86 ..	3,752,500 ..	5,157,252 ..	—

The total loss to the public by these failures has not exceeded £1,400,000, whilst there are considerable assets yet to be divided.

I have hitherto refrained from burdening this paper with comparisons, but it will enable us to appreciate these figures if I quote the following experience of failures among State and Savings banks, and private bankers of the United States, during three years ending first January, 1879:

<i>No. of banks.</i>	<i>Claims.</i>	<i>Amount paid.</i>	<i>Losses.</i>
210..	£ 17,688,000 ..	£ 11,165,000 ..	£ 6,523,000

This record is certainly incomplete, and yet it shows during three years, losses very considerably beyond those sustained through all the failures among the National banks during eighteen years.

How much of their capital may have been recovered by the stockholders I cannot say. Only six cases are reported in which returns have been made to them, but of late years that has not fallen within the province of the Comptroller. By Section 5236, the receiver appointed by the Comptroller was directed to divide ratably among the shareholders such assets as might remain after payment of all claims upon the association, but by Act of 30th June, 1876, the receiver was directed, after discharging the liabilities, to call a meeting of the shareholders and to deliver all remaining assets to any agent that might be appointed by the meeting.

On the general causes which have led to these failures, I will quote the remarks of the Comptroller in his report for 1877, words that have received renewed illustration in the latest examples:

The most fruitful cause of the failure of National banks has been the unlawful use of the funds or credits of these associations by their officers and directors. In most instances these persons have accomplished this malfeasance or crime by obtaining, in their official capacity, the discount of notes in which the bank had no interest. The receivers of six different banks, which have recently failed, have declined to allow claims for discounted paper bearing the indorsement of the bank, upon the ground that the claimant had good and sufficient notice that the paper was discounted for the benefit of individuals and not of the bank.

Since the commencement of the system, under powers granted to the Comptroller, eighty-six banks have been placed in the hands of receivers. These had an aggregate capital of £3,752,520, and note issues of £2,593,688.

Three hundred and thirty-nine other banks, finding the advantages of the Acts no compensation for their restrictions, have gone into voluntary liquidation.

Annexed is a table giving the number in each year, together with their capital and circulation:

<i>Year.</i>	<i>No. of banks.</i>	<i>Capital.</i>	<i>Circulation.</i>	<i>Year.</i>	<i>No. of banks.</i>	<i>Capital.</i>	<i>Circulation.</i>
1864..	6	£ 20,000	£ 18,000	1873..	16	£ 469,000	£ 340,620
1865..	5	66,000	25,000	1874..	22	669,900	550,393
1866..	5	170,000	118,500	1875..	38	725,140	601,340
1867..	13	452,000	286,300	1876..	32	593,000	468,800
1868..	18	524,100	418,860	1877..	25	545,400	438,860
1869..	15	599,542	302,570	1878..	38	720,000	453,003
1870..	15	470,000	375,048	1879..	34	824,000	538,839
1871..	10	215,000	185,400	1880..	12	230,000	180,841
1872..	14	547,040	423,200	1881..	21	332,000	272,761
Totals.....				339	£ 8,172,122	£ 6,004,335	

The system is viewed by a large portion of the people with disfavor. It is frequently denounced as a monopoly, although its privileges are open to all who choose to submit to its restrictions. This section of its opponents anticipate in its downfall the resumption of the right of local issue. Here, too, are involved some political considerations that are beyond our scope. These banks may be said to represent the political principle of federalism as opposed to the older doctrine of State rights. Many sections of the Acts distinctly assert the supremacy of the central authorities, and the decisions of the courts with reference to taxation, usury, and other points, have been governed by that idea. On the other hand, State authorities appear to lose no opportunity of placing the National banks at a disadvantage.

Another class of its opponents advocate the issue of all notes by the Treasury, and see in that plan a method of substituting three hundred and fifty millions of dollars of notes bearing no interest for a like amount of Government bonds, and the annual saving of so much interest to the Treasury.

The greatest accessions to the surplus funds were made in the half-years ending July, 1865, and January, 1866, and were chiefly the property of the banks organized or converted during 1864 and 1865. The banks dissolving before 1885 own seven-ninths of the whole National-bank capital, and it is not improbable that they own also nine-tenths of the surplus funds. If these were distributed, and the new organizations started with their capital alone, the system would be in a very different position to that it enjoys at present; and, if there were any repetition of the severe losses of 1876-1879, without the accumulations by which they were then successfully encountered, the consequences might be disastrous.

Not only are the interests of the National-bank system thus involved in this question of extension, but all the commercial interests in the country would be seriously affected by the great derangement of the currency that would be caused by the retirement of the circulation. These banks have fifty millions sterling of notes in circulation, and unless new powers be obtained, lawful money must be deposited in the Treasury to that amount. On one day alone, the 25th February, 1883, the amount of circulation whose legal existence is thus terminated is upwards of ten millions sterling. An equal amount of circulation might, indeed, be taken up by the new banks, but the whole proceeding would cause the gravest inconvenience.



Another consideration, more distant, perhaps, but of equal importance in relation to the continuance of the system as a system of local issues, is the security to be given for these notes. In the past ten years the public debt of the United States has been reduced by about one hundred millions sterling; and they anticipate reducing it by at least a similar amount in the next ten years. Possibly, the saving to be effected in the annual charge for interest may even increase the rate of redemption, and they certainly contemplate freeing themselves from debt altogether. It can hardly be seriously contended that a state of indebtedness should be continued for the sole purpose of serving as a basis for the National-bank currency. The principle of note issues upon the security of land is one that has been tried again and again, and has not given satisfaction; moreover, the present Acts prohibit National banks from holding land, and we must suppose that has not been done without some experience of its necessity. As we have seen too, there are not such large profits to be derived from the privilege of note issue as to make it certain that the banks would make any very strenuous efforts to retain it. These profits are also threatened with a further reduction by the gradual reduction of the rate of interest on the Government debt, and possibly too by enhanced values for the bonds, owing to their increasing scarcity.

At the same time, we must note that during the last three years, whilst the National-bank circulation has been almost stationary, there has been a marked and important increase in their deposits; and as this has been accompanied by increase both in the surplus fund and the undivided profits, as well as in the dividends paid, we may perhaps regard it as an indication of the direction in which the system is likely to progress.

---

## THE FREEDMAN'S SAVINGS BANK.

The Comptroller of the Currency has completed his annual report as Commissioner of the Freedman's Savings and Trust Company, which is required by law to be transmitted to Congress. The cash receipts during the past year have been \$455,334.82, including the sale of the bank building and adjacent real estate to the United States for \$250,000.

A dividend of fifteen per cent. was declared payable on June 1, 1882, and in preparation for this dividend more than 28,000 checks were signed in accordance with the Act of April 5, 1882. The amount required to pay this dividend was \$388,527.96. Of this amount \$362,580.66 has been distributed to 19,200 depositors. Additional amounts were paid on account of the first, second and third dividends, making the total payments on account of the dividends during the year \$371,730.80 which has been distributed among 21,183 depositors. The total amount paid since the failure of the bank, exclusive of special deposits and preferred claims, has been \$1,444,806.17. A schedule accompanies the report showing the amount of dividends paid to the depositors of each branch of the Company and the number of depositors paid at each branch; also the total amount of each dividend paid and the number of depositors to

whom paid. The total amount of the liabilities of the Company at the time of its failure was \$3,037,560.40, payable to 62,242 claimants, of which \$73,774.34, payable to 1,114 claimants, consisted of special deposits and preferred claims, leaving claims amounting to \$2,963,786.06, and payable to 61,128 claimants, subject to dividends. Of these 34,058 claims, aggregating the sum of \$2,815,953.95, have been examined and audited, and 27,070 claims, amounting to \$147,832.11, and averaging \$5.46, each, have not been examined and audited within the time required by law and are now barred. Of the special deposits and preferred claims the sum of \$73,565.03 has been paid to 1018 claimants, leaving \$209.31 belonging to 96 claimants uncalled for and barred.

The amounts of the several dividends barred under the 8th section of the Act approved February 21, 1881, are as follows:

First dividend, representing 31,133 accounts, averaging \$1.20 each.....	\$37,263.94
Second dividend, representing 35,066 accounts, averaging 82 cents each..	28,673.28
And third dividend, representing 37,871 claimants, averaging 99 cents each.....	37,322.72

The Commissioner has now on hand in United States bonds and other available securities the sum of \$184,864.55, and hopes to realize a sufficient amount from the remaining assets of the Company to enable him to pay a further and final dividend of from seven to seven and one-half per cent. early in the Spring, making a total of from sixty-two to sixty-two and one-half per cent. in all, paid and to be paid to the creditors of the Company. The amount required to pay a final dividend of seven and one-half per cent. on all audited accounts is \$211,196.54. Though anxious to make the final dividend as large as possible, the Commissioner thinks it likely that a small balance may be left on his hands after the two-years limit, within which the final dividend is required to be called for, shall have expired, but as this balance will not be sufficient for a further distribution among all the depositors of the Company, he asks Congress to authorize him to make a *pro rata* distribution of such remaining balance, if any, among the claimants who have presented their claims for examination or for the payment of dividends since August 21, 1881. Two hundred and thirty barred claims calling for \$4,076.62 and 818 accounts on which one or more dividends were due but barred, have been presented for examination and payment since August 21, 1881. To pay the fifty-five per cent., in dividends already declared upon these claims and the barred dividends \$6,027.76 would be required. The Commissioner is not willing to recommend the revocation of the limit fixed by the Act of February 21, 1881, within which claims must be examined and dividends called for, though frequently urged to do so, as it would involve the final settlement of the Company's affairs in uncertainty and confusion. Additional legislation to authorize the payment of a last certificate for \$200 of the late Board of Audit of the District of Columbia, and a lot of Sewer and Paving scrip, issued for assessments against property owned by the United States is asked for by the Commissioner, who also recommends the passage of the Bill H. R. No. 6204, known as the "Lynch" bill, which provides for the reimbursement of the creditors of the Freedman's Savings and Trust Company for losses incurred by the failure of said Company. The Commissioner estimates the amount required for this purpose from \$956,000 to \$969,000. Detailed statements of the remaining assets of the Company, and of the disbursements made during the year accompanying the report.

## THE NATIONAL INCOME OF PRUSSIA.

Dr. Adolf Soetbeer, the eminent German statistician, has recently published an interesting estimate of the total income of the people of Prussia. His calculations are based on the official returns for the class and income taxes. These taxes, which, though they go by different names, are both distinctly income taxes, reach all incomes of more than 420 marks. The so-called income tax is levied on all incomes of over 3000 marks, the class tax on incomes of between 420 and 3000 marks. The machinery of taxation is so perfected that probably all taxable incomes are reached, and the official data may be used with more confidence than is usually to be given to such material. The only correction which needs to be made arises from the undervaluation of incomes by the assessors. Dr. Soetbeer supposes that the real incomes are larger than the assessed incomes by twenty-five per cent. in the case of small, and by ten per cent. in the case of larger incomes. The fact that this margin of error is larger with the small than with the large incomes, is in itself a proof of the comparative efficiency of the methods of taxation. In regard to that portion of the National income which is not subject to taxation, we are, of course, compelled to rely on conjecture. The portion of the people whose incomes fall below 420 marks, and are therefore free from taxation, is not large,—less than a third. By assuming that the total income of this class maintains a fixed proportion to the total of the taxed incomes, we are able to arrive at results approximately complete and correct.

• On the basis of the data those afforded, Dr. Soetbeer comes to the conclusion that the total yearly income of the people of Prussia, measured in money, is 8,228,000,000 marks, or a little over two thousand million dollars. In 1876 the total income, as determined from similar data, was 7,857,000,000. The increase in 1881 over 1876 was 4.7 per cent. During the same period the population increased from 24,832,000 to 26,716,000, or 7.6 per cent. The somewhat disheartening conclusion is therefore reached that the growth of income has not been commensurate with the growth of population. The average yearly income per head has fallen from 316 marks in 1876 to 308 marks in 1881. This decrease cannot be accounted for by supposing that valuation by the assessors may have been more lax in recent years; on the contrary, we are told that incomes have been assessed and taxed more nearly up to their real level. Nor do we believe that any change in general prices permits the decrease in money income to be consistent with an increase or maintenance of the income in commodities of the people. Prices are hardly lower to an appreciable degree now than in 1876, and the same income will not go farther.

Not only, however, is there a falling off in the average income of the people, but there is a retrogression in the manner in which the income is divided among the different classes. A larger proportion of the total income goes to the well-to-do classes. Dr. Soetbeer divides the population into six classes, according to their incomes. The two highest classes, consisting of those with large

incomes of between \$5000 and \$25,000, and of those with very large incomes of over \$25,000, obtained 5.08 per cent. of the total income in 1876, and 5.13 per cent. in 1881. In 1872 the same two classes obtained only 4.41 per cent. of the National income. The persons belonging to these two classes form only about one-tenth of one per cent. of the population, and obtain a growing share of the National income. The same result is reached if we take the three highest classes, including the two just mentioned, and also those having medium incomes of between \$1500 and \$5000. These three classes obtained 12.2 per cent. of the total income in 1876, and 12.9 per cent. in 1881. They form about one per cent. of the population.

It would appear from these figures that it is true, as is often asserted, that the rich are getting richer, while the poor are getting poorer. There is, however, one circumstance which modifies this conclusion. Although the proportion of the total income of Prussia which goes to the well-to-do and wealthy classes is increasing, the numbers of these classes are also increasing. We have said that the wealthy classes, having incomes of more than \$5000, formed one-tenth of one per cent. of the population. This is approximately true for both 1876 and 1881. But in the latter year the number of this class was somewhat larger; 8785 incomes of this size were taxed in 1881, as compared with 8033 in 1876. The same remark is true if we consider the three highest classes, having incomes of over \$1500. These classes formed, we said, one per cent. of the population; 66,319 incomes of this size were taxed in 1876, and 25,740 in 1881. Whether we take the wealthy classes only, or include those having medium incomes, it appears that their numbers have increased more than the general increase of population. It follows that although a larger portion of the National income goes to the well-to-do class of Prussia now than in 1876, a larger part of the population belongs to that class. Wealth has not amassed in a smaller number of hands; but a larger number of persons have swung themselves into the category of wealthy people.

It is of interest to compare some of these figures with those referring to other countries. In Saxony, where the statistics of income taxation are even more precise and trustworthy than in Prussia, it is concluded that the average yearly income per head of population was 366 marks in 1880. This, compared with the average of 308 marks for Prussia in 1881, shows that the people of Saxony are more prosperous than their neighbors. In Great Britain according to the usual method of computation, which assumes that the taxed incomes (of over £150) form less than half, or about forty-five per cent. of the total National income, we find that the average income per head was in 1881 a little more than £33, or 669 marks. This is more than twice as much as the average of Prussia. Mr. Edward Atkinson, in his recent Institute address, assumed that the product or income of the people of the United States was about one hundred and fifty dollars, or 600 marks, for each person. The more uneven division of income, and the greater cheapness of living for the mass of the population of that country, cause this sum to represent greater material welfare for the people at large than the same sum in Great Britain. The same corrections must indeed be made in judging of the income of Prussia. There, too, distribution is more even, and the cost of living less, than in Great Britain. Nevertheless, even after making due allowance for

these circumstances, it must appear that the general welfare of the population of Prussia, and of Germany in general, is much behind that of the people of Anglo-Saxon countries.

---

## EFFECT OF BUSINESS MANAGEMENT OF POSTAL DEPARTMENT.

It has been ascertained that the net income of the Post-office Department for the fiscal year which ended on June 30, 1882, was about \$1,500,000—that is, not only did the receipts meet all expenditures, but they exceeded the expenditures by \$1,500,000. It was announced some time ago in the *Times* that the surplus would reach at least \$1,000,000. It is now certain that \$500,000 may be added to this estimate. The official statement will probably not be completed until October 15. The department, therefore, not only paid its way in the year just ended, but earned \$1,500,000 in addition.

From 1790, the earliest date at which the exact financial condition of the Post-office Department is accessible, down to 1838, an excess of expenditure over receipts was rarely known, and the deficiency, if any occurred, was trifling. With the introduction of railway mail service, in 1838, a tendency toward a permanent excess of expenditure was first manifested. This tendency was soon checked and the department again placed upon a solid business basis. A reduction of receipts was caused in 1845 by the reduction of the rates of letter postage, but with the exception of 1848, when the expenditures exceeded the receipts by \$165,772, the balance at the close of each fiscal year, until 1852, was in favor of the department. The reduction of letter and other rates in 1851, and a departure from the theory which had governed the department, resulting partly from emigration and the discovery of gold in California, made an annual deficiency thereafter the rule rather than the exception. The deficiency increased until in 1860 it amounted to more than \$10,500,000. The war increased the postal revenues and reduced the department's expenditures in the Southern States; the deficiencies decreased. In 1863 the expenditures exceeded the receipts by \$2,800,000. In 1864 the deficit was only \$200,000, and in 1865 there was a surplus of earnings over expenses amounting to \$860,000.

After the war deficiencies became the rule. In 1867 the deficit was nearly \$4,000,000, and in 1876 the percentage, more than one-fifth of the total receipts, was the same. From that time, however, the revenues greatly increased, and in 1880 the deficit was only ten per cent. of the revenues. Not only was the surplus of receipts over expenditures in the last fiscal year \$1,500,000, but the department did not expend about \$2,000,000 of the amount appropriated for star service. The amount appropriated was \$7,900,000. Brady estimated that he must have \$8,200,000, but Congress gave him \$7,900,000. It now appears that under honest management the expenditure was about \$5,900,000, or \$2,300,000 less than Brady's estimate. The surplus of \$1,500,000 is almost exactly the sum saved

per annum by Postmaster-General James by cutting down, or entirely cutting off, Brady's expedited, useless, and fraudulent star service. It is safe to say that the department could not have been self-supporting in the year 1882 if he had not done this. He did it, and did it fearlessly, in the face of many obstacles, and one of the results is a self-supporting Post-office Department, with a surplus of \$1,500,000 for the year.

## LIQUOR AND TOBACCO TAXES.

There is no other tax now collected in this country that interferes less with productive industry than the taxes on whiskey, beer and tobacco. When people are pinched, they do not need to purchase these articles, and can thus avoid the tax entirely. As a matter of fact, the people do restrict their consumption of liquors and tobacco to a surprising extent when times are hard and the necessities of industry force wages downward. The following statistics, in which consumption is compared with the increase in population, will indicate the extent of this change. The population is reckoned according to the estimates of experts in the Treasury department, 41,676,000 in 1873, 47,595,000 in 1878, and 51,462,000 in 1881. The quantities of spirits withdrawn on payment of tax, not for export, of tobacco manufactured, and of fermented liquor produced, are given with the quantity *per capita*:

	<i>Spirits, gals.</i>	<i>P. C.</i>	<i>Tobacco, lbs.</i>	<i>P. C.</i>	<i>Beer, gals.</i>	<i>P. C.</i>
1873.....	62,971,413 ..	1.51 ..	116,440,934 ..	2.8 ..	285,146,368 ..	6.84
1878.....	49,573,639 ..	1.04 ..	119,406,588 ..	2.5 ..	303,147,552 ..	6.36
1881.....	67,377,623 ..	1.31 ..	157,699,876 ..	3.1 ..	423,606,432 ..	8.22

Hard times in 1878 caused a decrease of nearly one-third in the consumption of whiskey, from one and one-half gallons to about one gallon *per capita*; a decrease of more than ten per cent. in the quantity of tobacco consumed, from 2.8 pounds to 2.5 pounds *per capita*, and a small decrease in the consumption of fermented liquors, although these were used to some extent in place of spirits, from 6.84 gallons to 6.36 gallons *per capita*. It should also be noticed that the increase in German and other beer-drinking inhabitants was very great during this period. The removal of the pressure brought an increase in consumption of whiskey to 1.31 gallons in 1881, in consumption of tobacco to 3.1 pounds, and in consumption of beer to 8.22 gallons *per capita*. The changes of tax which occurred during this period are not great, and scarcely affected retail prices at all.

But the consumption of these luxuries is not merely very elastic, so that the expenditure shrinks greatly with monetary pressure or industrial difficulty, it is also in large measure an economic waste, and therefore an expenditure which it is not desirable to encourage. It is not necessary to repeat figures hitherto given, showing the enormous cost at retail of these articles. The tax is a small part of the cost to the consumer. Beer would not be sold for more than five cents a glass, if the tax were higher, nor for less if the tax were removed. As it stands, the tax is only about half

a cent on a glass. So with tobacco; very few qualities would be sold at a lower price if the tax were abolished; though the tax is sixteen cents per pound, the retail price of quarter-pound packages for smoking would not be lowered four cents, nor would chewing tobacco, now sold at five or ten cents a package, be reduced to consumers. It is the same with cigarettes, and the tax of six dollars per 1000 on cigars is less than a cent on each. The man who has been in the habit of paying ten or fifteen cents for a drink of whiskey, of which there are about sixty-four in a gallon, pays less than a cent and a third for tax, and would never get the price reduced to eight and two-thirds or thirteen and two-thirds cents because the tax were removed.

In reality, then, these taxes do not affect the cost of living or of production in the slightest degree. Exception may be made, it is true, for the small quantity of distilled spirits used in manufactures, but the proportion which the tax there bears to the cost of the product into which the spirits enter as a material is insignificant. For practical purposes, this is a tax which nobody can feel and which nobody need pay. To repeal such taxes, while retaining any other that the people do feel and do pay, is the very height of economic folly.

It is claimed, however, that these taxes ought to be repealed because they are "war taxes," because the collection of them is vexatious and costly, because their abolition would enable us to get rid of a horde of officials who wield a harmful political influence, and because, unless they are abolished, it will become necessary to render the tariff less protective.

If a war tax is not felt, while any other is, then a war tax is the best tax possible. It is nonsense to ask whether a particular tax was first imposed in time of war, or at any other time. The only question that deserves consideration is whether that tax is now a more desirable tax to retain than others. The pressure of necessity during the war forced this nation to do several very wise things which it probably would not have been wise enough to do in half a century of peace. It abolished slavery, created National banks, and devised new, economical and effective modes of taxation. It would be silly to propose the repeal of emancipation, of the National Banking Act, or of any useful revenue law, merely because either originated in time of war, and was a product of that great struggle. The tax which burdens labor least is the one that we ought to retain longest, no matter where it originated or how.

The collection of all taxes is vexatious—to people who want to shirk. No honest citizen objects to the payment of his full share toward public expenses, or to the needful restrictions and formalities by which knaves are prevented from plundering honest men. The tariff laws unavoidably give rise to perpetual confusion, misconstruction, and vexatious litigation, but the law under which whiskey, beer and tobacco are taxed is well understood, sufficiently simple, and gives rise to no unnecessary controversies. If people want to pay the tax, and to make the evidence plain that they do pay it, the way to do so is exceedingly simple. The trouble begins when they want to shirk. The total expense of collecting about \$150,000,000 internal revenue is about \$5,000,000, or three and one-third per cent. In no country would that be considered a high rate of cost. One cigar a year, for each inhabitant, would cover the whole of it, or two glasses of beer a year, or one drink of whiskey a year. It is too high, of course, for the people who do not want



to pay anything. But the country has not quite reached such a state of wealth that it can afford to arrange its taxes to please those who prefer to pay nothing, or to save \$5,000,000 by throwing away a revenue of \$150,000,000.

The "horde" of office-holders and employees, in every branch and kind of service connected with the internal revenue bureau, amounts to 3706 men, women and children. Out of 104,000 officials and employees of the Government, three and one-half per cent. could be dismissed if the internal revenue should be wholly abolished—about one in thirty. Their political influence, too, is much less than that of other officials and employees of like number. The country will not come to grief because this particular thirtieth of its office-holders is retained. By all means let us dismiss as many useless men as we can, but if the rest of the public servants brought in as much money in proportion to their number as these, the Government would enjoy a revenue of \$4,500,000,000. It might be well, if we are hunting for useless persons, to take a look at the officials who have charge of seventeen out of the ninety-three customs districts, for in all these seventeen districts the aggregate revenue collected from customs in 1881 was only \$2567. In four of them not a cent was collected; in two an aggregate of \$70.52; in one \$70.52, and in three others an aggregate of \$475.65, making ten districts out of ninety-three at which the aggregate revenue collected was \$562.41—not enough to pay the salary of one decent clerk.

The people who are anxious to prevent the overhauling and repeal of useless or mischievous duties—these are the people who are at the bottom of the movement to get rid of internal taxes. Their anxiety is natural, and their subterfuge not very deep. But protectionists of a different stamp have joined in the movement; men who are not exercised about the shabby little monopoly duties that ought to be abolished on any theory of the tariff whatever, but who fear that any reduction of tariff will involve disaster to the great industries that have grown up under the system that has been in force for the past twenty years. These men, however, are not wise in their day and generation. When duties are graduated, as ours now are, with intent to afford full protection, and have been carefully adjusted, year after year for twenty years, so as to admit competition, but only at a rate that gives the home manufacturer a decided advantage, any moderate reduction of duties must involve increase of revenue, and any considerable increase of duties must render the tariff substantially prohibitory, and thus involve decrease of revenue. If the Government is compelled to get its whole revenue from duties on imports, *it will be forced to lower the tariff and encourage larger importations in order to get revenue enough.* Moreover, this change will be left for a Democratic Congress to make, and in the making it is very certain that industries will not be more carefully guarded than they would be by the present Congress.

From every point of view it would be foolish to repeal or materially reduce the taxes on either spirits, fermented liquors or tobacco. The taxes on dealers, and the other internal taxes, ought to be abolished. Thus the remaining excess of taxes ought to be taken from the customs duties. It can be so done, if Congress pleases, as to render the tariff more protective than it is now. But the protectionists, if they are wise, will insist that it be done this winter.—*The Public.*



# ANNUAL APPROPRIATIONS MADE BY CONGRESS FOR EACH FISCAL YEAR FROM 1873 TO 1883, INCLUSIVE,

TOGETHER WITH THE COIN VALUE OF SUCH APPROPRIATIONS COMPUTED UPON THE AVERAGE PRICE OF GOLD FOR EACH YEAR IN QUESTION.

	2d session 1873. Fiscal year	3d session 1874. Fiscal year	1st session 1875. Fiscal year	2d session 1876. Fiscal year	1st session 1877. Fiscal year	2d session 1878. Fiscal year	1st and 2d ses- sions 1878- 79. Fiscal year	3d session 1879. Fiscal year	1st session 1880. Fiscal year	2d session 1881. Fiscal year	1st session 1882. Fiscal year	2d session 1883. Fiscal year
To supply deficiencies for the service of the various branches of the Government.....	6,596,677	11,143,239	4,053,812	2,387,372	834,695	2,547,186	15,213,259	4,633,824	6,118,085	5,110,862	17,797,397	9,853,869
For legislative, executive, and judicial expenses of the Government.....	18,624,972	18,179,441	20,758,255	16,038,699	16,057,020	15,756,774	15,862,694	16,136,230	16,532,008	17,797,397	20,322,907	20,322,907
For sundry civil expenses of the Government.....	20,134,669	32,173,257	26,924,746	39,459,853	15,895,665	17,079,256	24,968,879	19,724,868	22,503,508	22,011,222	25,423,479	25,423,479
For support of the Army.....	28,683,615	31,796,008	27,884,500	27,933,830	27,621,867	27,621,867	51,279,679	26,797,300	26,478,800	26,687,800	27,035,094	27,035,094
For the Naval Service.....	18,231,085	22,275,797	20,813,946	17,001,306	12,741,790	13,539,932	14,153,431	14,028,468	14,405,707	14,506,037	14,903,538	14,903,538
For the Indian Service.....	6,196,362	5,905,218	5,538,274	5,425,697	4,567,017	4,567,605	4,714,875	4,713,478	4,657,262	4,587,866	5,219,603	5,219,603
For Rivers and Harbors.....	5,588,000	7,352,900	5,228,000	6,648,517	5,015,000	—	8,322,700	9,577,494	8,976,500	11,451,300	18,688,875	18,688,875
For Forts and Fortifications.....	2,037,000	1,869,000	904,000	850,000	315,000	275,000	275,000	275,000	550,000	575,000	375,000	375,000
For support of Military Academy.....	326,101	344,317	330,835	364,740	290,065	286,664	292,865	319,547	316,234	322,435	333,557	333,557
For service of Post-Office Department, for invalid and other Pensions, including deficiencies.....	6,425,970	6,496,602	7,175,542	8,376,205	5,027,498	2,939,725	4,222,274	5,182,376	3,683,420	2,152,258	1,602,177	1,602,177
For Consular and Diplomatic Service.....	30,480,000	30,480,000	29,980,000	30,000,000	29,533,500	28,533,000	29,371,574	56,233,200	41,644,000	68,282,206	116,000,000	116,000,000
For service of Agricultural Department.....	1,268,519	1,311,359	3,464,804	1,374,985	1,188,797	1,140,747	1,087,535	1,097,735	1,186,335	1,191,435	1,250,655	1,250,655
For expenses of the District of Columbia.....	9,623,477	3,342,647	2,108,040	1,853,804	4,134,691	1,425,091	2,226,390	—	3,425,257	3,379,571	3,468,060	3,468,060
For miscellaneous.....	—	—	—	—	—	—	—	—	4,959,123	4,959,123	5,088,993	5,088,993
Totals.....	154,216,751	172,890,700	158,017,758	147,714,940	124,122,010	88,356,983	172,016,809	162,404,647	155,830,841	179,578,999	251,428,117	251,428,117
Coin value of one dollar paper currency.....	87.3	89.3	88.8	87.8	92.7	97.6	99.8	100	100	100	100	100
Coin value of amount appropriated.....	134,631,223	153,855,595	137,655,569	129,693,718	115,061,104	86,236,415	171,672,775	162,404,647	155,830,841	179,578,999	251,428,117	251,428,117

## CURRENT EVENTS AND COMMENTS.

*SUCCESS OF THE POSTAL-ORDER SYSTEM.*

The annual report of the Superintendent of the postal money-order system shows that there has been a steady and almost wonderful increase in the business of his Department. The domestic operations of the 5491 authorized offices reached the sum of \$113,400,118 in orders issued, and \$113,388,302 in orders paid, a gain of eight per cent. over 1881. The fees amounted to \$1,053,710, an increase of nine per cent. This was at the rate of less than one-half of one per cent. As most of these orders were for long distances, the gain made by using money orders rather than drafts or bills of exchange must have been a large item, and proves the great advantage the money-order system has been to the country. There were 377,443 international money orders issued, of a value of \$6,536,514, and 117,833 such orders paid, amounting to \$2,453,463. The fees on this branch were but \$145,644. The gains in the issue of orders of the several nationalities varied from twenty-three to seventy per cent. The system is being rapidly pushed into other countries; Jamaica, New South Wales, Victoria and New Zealand having been added to the list during the past year. Portugal is to be added the first of January, 1883.

The Superintendent renews his recommendation respecting modifications in the system, which would allow the issuance of "postal notes" for sums under five dollars for a fee of three cents. The advantage of this would be soon conceded by the public, as the smaller denominations would take the place of the old scrip money for fractional currency. Anything which will help exchanges should be done, and the introduction of the proposed "postal notes" should not be delayed.

*COMMERCIAL IMPORTANCE OF THE MAGUEY.*

The well-known American agave, a species of the aloe plant, is found everywhere in Mexico, and numbers not less than thirty varieties. The fertile plains called "Los Llanos de Apam," have long been noted for the special excellence of the pulque, to whose production the plant is almost exclusively devoted. Situated between Puebla and the city of Mexico, these plains are covered, as far as the eye can reach, with these flourishing plants, each of which produces pulque, the natural exudation of the plant, to the value of about six dollars, and then is supposed to have lost all its utility. In the district of Tequila no pulque is drawn from the plant because its special virtues enable it to produce the brandy named after the district, and widely used throughout the country. This Tequila brandy is made by an old system dating back to the days of the Aztecs, and which consists of roasting the bulbs in a furnace dug in the ground. This gives a sweetish liquor, which, when cleared and subjected to the further processes of fermentation and distilling, yields the favorite brandy. But beyond this, no use is made of the plant. The same is the case in every district of the country where pulque and tequila are produced, and so notorious is the general ignorance or indifference to any

further uses of the plant that its destruction is general when it has once passed its period for yielding either of these products. And yet there is every facility for utilizing the plant in at least four distinct industrial products, each of them very important and promising large returns. Next to pulque and tequila, the plant can be made to yield an excellent quality of molasses, by clarifying the sweet decoction of the bulb. Distilled, this becomes brandy undistilled, it yields molasses equal if not superior to any pressed from sugar-cane. The peninsular of Yucatan has grown famous for its production of henequen or jute. The leaves of the maguey plant everywhere in Mexico, when pressed, yield a fiber in all respects equal to the best Yucatan jute. Various experiments, though on a small scale, prove this. Ropes are in use in a thousand districts of the interior, made from these leaves, and of unequalled strength and excellence. The peculiarities of soil and climate are of some importance in considering the uses of this fiber for cordage but even where it is found somewhat inferior in this respect, which is rarely the case, the pressed leaves yield a pulp absolutely unequalled for making paper. The paper mills of Belem have repeatedly produced an excellent quality of paper made from this pulp, and it has not made its way into commerce only because no one has as yet taken hold of this virgin industry and produced the pulp in marketable quantities.

—*Mexican Financier.*

#### WORKING OF THE DOMINION HIGH TARIFF.

In 1879 the Canadian Finance Minister declared that the Dominion could not become prosperous until the volume of imports was reduced and the "balance of trade" turned in its favor; at the same time it was said that the taxation of the country was not to be increased. "To accomplish his ends," says the *Montreal Herald*, "Sir Leonard framed a tariff, and we know the sequel. Imports have largely increased, the balance of trade is still against us, and the volume of taxation has been augmented about fifty per cent. In order to prove what we say, it is only necessary to refer to the following statement, showing the value of the goods entered for consumption and the duties collected at this port in each year from 1874 to 1881:

<i>Total Imports.</i>		<i>Duty.</i>	<i>Total Imports.</i>		<i>Duty.</i>
<i>Value.</i>			<i>Value.</i>		
1874.. \$43,431,199 ..	\$6,122,289 ....	1878.. \$24,346,534 ..	\$3,644,385		
1875.. 34,671,520 ..	4,806,110 ....	1879.. 23,334,618 ..	4,512,463		
1876.. 29,024,168 ..	4,052,344 ....	1880.. 30,311,640 ..	6,349,789		
1877.. 27,294,605 ..	3,956,193 ....	1881.. 35,918,906 ..	7,672,268		

— \$7,672,268 collected as duties upon imports in 1881 upon \$35,918,906 worth of goods, while in 1877 only \$3,956,193 was paid on imports valued at \$27,294,605. In 1881 the free goods were valued at \$7,386,705, so that the average duty collected amounted to over twenty-five per cent. upon the dutiable goods. It is not surprising that Sir Leonard is able to boast of a surplus, but let each taxpayer calculate how much he pays into the treasury in the form of increased duties, and we believe he will conclude that the money would be of more service in his pocket."

#### TRANSPORTATION OF FRESH MEAT.

A sailing vessel of 1600 tons has lately landed at Liverpool a cargo of fresh meat from New Zealand. This is the first voyage of the kind that has been made. Steamers have brought these consign-

ments, and Australia has been the shipping point. This ship sailed from Dunedin the first of June. The cargo in question was 4000 carcasses of sheep weighing from 90 to 160 pounds each. Poultry and fish also were shipped. This test of the refrigerating process was severe, for the vessel was 102 days on the trip. For sixty days off the continent of Africa the thermometer stood at eighty-four degrees in the shade and 120 degrees in the sun. The refrigerating operations required twenty-five cwt. of coal per day. The consumption of the voyage was about 180 tons. One advantage New Zealand possesses over Australia is the fact that the sheep farms are nearer the ports, so that it is not necessary to drive the sheep two or three hundred miles, as is often the case in New South Wales and elsewhere. The price of fresh mutton in Dunedin at the time of the sailing of the ship was 2d. per pound, and in London it is 16d. or more a pound. This margin is ample it is thought to insure the success of this speculation. The shipment of hares and rabbits, which are a nuisance to the New Zealand farmers, will be a practical and profitable method of ridding that country of a serious source of injury to the standing crops.

#### ENGLAND'S GREAT SPECULATION.

Lord Beaconsfield paid the late Khedive of Egypt \$20,000,000 for 176,000 shares in the Suez Canal, but not including the dividends prior to July 1, 1894, of which another appropriation had been previously made. In lieu of the dividends until July 1, 1894, he took the National obligation of Egypt to pay England one million dollars annually or five per cent. on the cost of the shares, and which is a higher rate than England is itself paying for the money borrowed for the purpose. The dividend expected this year is ninety francs, or about \$17.44 upon each share, and the calculation of the French managers is, that the dividend will be certainly doubled, and probably trebled, in 1894. If it is only doubled, England will then receive on its 176,000 shares a dividend of \$6,138,880 on an investment of \$20,000,000. If it is not increased at all, the dividend in 1897 will be \$3,069,440; and to a government like that of England, which borrows money at three per cent., such an annual dividend is equal to a capital of \$100,000,000. But in all probability the value of these shares will then be at least \$200,000,000. It is not wonderful that Englishmen now all agree in praising the sagacity of Lord Beaconsfield.

#### A NEW RAILWAY ROUTE TO THE EAST.

The British Government is considering the practicability of constructing and maintaining a railroad that will facilitate communication with her East India possessions independent of the Suez Canal route. The proposed route is from Selucia, a little north of west of the Island of Cyprus, thence southeast along the Valley of the Euphrates River to Bussorah or Basra, about 100 miles from the mouth of that stream, where it empties into the Persian Gulf. The length of the contemplated road is about 1000 miles, and its estimated cost \$40,000,000. The advantages of such a railway to Great Britain would be the shortening of the journey to India by seven days, a means to quickly transport troops and supplies in case of war, and furnish more rapid transit for mails and merchandise in transport. Our contemporary observes that the reason for the gain in time is readily perceived, when it is recalled that this route from the Mediterranean, and by vessel through the Persian Gulf and

Arabian Sea to India, would simply avoid the necessity for sailing around the great Arabian peninsula, as is now done in making the journey via the Suez Canal. The building of such a road would also make Great Britain wholly independent of the water-way built by De Lesseps between Asia and Africa.

#### HOW THE WAR INDEMNITY OF FRANCE WAS SPENT.

An account has been lately published of the way in which the indemnity paid by France to Germany on the conclusion of the war of 1870-71 has been spent. Altogether, including the war contributions imposed upon Paris and the Departments occupied by the German troops, Germany has received from France the sum of 5,254,000,000 francs, or about £210,160,000. Of this sum £91,748,543 were in the first instance set aside for imperial purposes and the remainder was divided among the several States forming the Empire: the old North German confederation receiving £79,114,235; Bavaria, £13,468,819; Wurtemberg, £4,248,304; Baden, £3,050,493, and Hesse, £1,436,509. Of the £91,748,543 set aside for imperial purposes, £28,033,849 have been appropriated to form a pension fund; £10,800,000 to strengthen, enlarge and add to the number of fortified places of the empire; £8,580,000 for the purchase and construction of railways in Alsace and Lorraine, and £6,447,142 to improve the fortresses in the two annexed provinces; £6,000,000 have been placed in the Imperial War Treasury; £600,000 have been awarded in grants for eminent services; £242,740 have been spent in providing a range on which to carry on artillery experiments; £300,000 have been allotted to German subjects expelled from France; while smaller sums have been appropriated to recompense railway companies for the damage done to their rolling-stock; to improve the military, telegraphic and postal services; to compensate German shipowners for losses sustained during the war; to extend the military topographical department; to enlarge the artillery workshops at Strasburg; to provide commemorative medals, and to construct a building for the Reichstag.—*Pall Mall Gazette*.

#### A RICH AND PARSIMONIOUS QUEEN.

Victoria is the richest and best-paid sovereign in Europe. She draws for expenses never less than an even \$2,000,000 a year. This is granted by Parliament. Besides this she is a great proprietor, drawing revenues from her estates that equals the sums paid the monarchs of continental kingdoms. Nor does her wealth end here. Under the laws the fortunes of intestates or illegitimates, and in some instances aliens, revert to the crown. In 1850 the Queen inherited direct a million and a half from a miser named Nield. Her annual funds are further swelled by the revenues of the duchies of Lancaster and a royalty on certain grants in India. Add to those the fruits of Prince Albert's lucky investments, which were made in the heart of the most affluent part of London of to-day, and it will be seen that Victoria will have a stupendous fortune to leave her children. The Queen's wealth, and her parsimonious hoarding of it, is the favorite grumble of John Bull, be he aristocrat or commoner. The Prince of Wales, with a modest grant of half a million from the State, and half a million more from other sources, likewise coming eventually from the people, is as lavish as the Queen is close. He is always in debt, but he finds good credit on his "expectations."

## MODE OF PUBLIC ACCOUNTING.\*

## COURT OF CLAIMS.

*William S. McKnight et al. vs. The United States.*

- I. The manner in which accounts and claims against the Government are settled by the accounting officers and the several processes of settlement, examination, and certification in the Treasury examined and stated.
- II. Certificates and orders made previous to the issue of drafts for the payment of claims by the Treasury are mere departmental proceedings from which parties acquire no new rights.
- III. The distinction between the adjustment and certification of accounting officers and the decisions of other officers charged with the duty of making awards in special cases pointed out.
- IV. Accounts and balances stated and certified by the accounting officers are neither conclusive nor *prima facie* evidence of the indebtedness of the Government, nor can an action be brought upon them.
- V. Though the assignment of a claim against the Government be void under *Act 26th February, 1853* (10 Stat. L., 170 Rev. Stat., § 3477), yet if the Treasury recognizes the assignment and pays the amount found due on an accounting to the assignee an action will not lie to recover it back.

RICHARDSON, J., delivered the opinion of the court :

The claimants prove and rely upon a certificate of the Second Comptroller of the Treasury, made to the Secretary of War, January 6, 1873, certifying a balance of \$30,675.68 to be due to them as assignees of Simeon Hart, a government contractor, for flour delivered by him; a requisition of the Secretary of War upon the Secretary of the Treasury, requesting him to cause a warrant to be issued thereon for the certified balance; and a warrant by the Assistant Secretary of the Treasury, addressed to the Treasurer, dated January 31, 1873, duly countersigned and registered, for the payment of the same, upon which there is a memorandum signed by the Secretary of the Treasury, directing that, of the amount, \$9,000 be paid to the Treasurer, and deposited by him in the Treasury in general account, on account of a debt due the United States by Simeon Hart, as security on a bond given by Lieut.-Col. John B. Grayson, commissary of subsistence. Upon the warrant a draft for \$21,675.68 was drawn and issued to claimants by the Treasurer and paid on presentation. The balance of \$9,000 was deposited in the Treasury according to said direction of the Secretary; and it is for the recovery of this balance that suit is now brought.

It further appears that the certified allowance by the accounting officers was made upon an alleged voluntary order, indorsement or assignment by Simeon Hart, of a voucher alleged to have been issued to him by J. B. Grayson, a commissary of subsistence, for flour delivered in May, 1861, under contract, but neither the delivery of the flour nor the genuineness of the voucher or assign-

\* This opinion has a special value to those who are interested in learning how claims against the Government are adjusted and paid, for the reason that Judge Richardson, who delivered the opinion of the court, having formerly been Secretary of the Treasury, is familiar with the details of the business.

ment thereof was proved in this court, except by what is claimed to be *prima facie* evidence from the documents, of which copies are produced. Thus the claimants rely entirely upon the certificate of the balance found due by the Comptroller, the requisition of the Secretary of War, and the warrant of the Assistant Secretary of the Treasury, claiming that the action of the Secretary of the Treasury, in directing, by his memorandum on the warrant, a diversion of the money from the parties to whom it had been found to be due, and its application to another object, was unauthorized, and of no legal effect as against them in this action.

It will contribute to a correct determination of the force and effect of the acts of the public officers thus relied upon, to consider carefully how accounts and claims against the Government are settled throughout the several processes of settlement, examination, and certification to which they are subjected.

The Revised Statutes, § 236, require that "all claims and demands whatever by the United States or against them, and all accounts whatever in which the United States are concerned, either as debtors or as creditors, shall be settled and adjusted in the department of the Treasury."

The principal officers to whom this great responsibility is committed by law are called "accounting officers," consisting of six Auditors (R. S., § 276), each acting separately upon different classes of accounts; and the Commissioner of the General Land Office, who is also an auditor of all public accounts relative to the public lands (R. S., § 456); two Comptrollers (R. S., § 268) each also acting separately in like manner; and a Commissioner of Customs, whose duties were transferred from the First Comptroller, and who, under another name, is a Comptroller in matter of accounts relating to customs (R. S., §§ 316-318).

There are also other officers through whom accounts must pass for different purposes, in the Treasury Department and elsewhere, before payment is made, whose duties in connection therewith we shall refer to as we note in detail the course of business in settling accounts from the time a demand is brought to the Treasury Department until final payment thereof.

Accounts accruing in the War Department, relating to the pay and clothing of the army, the subsistence of the officers, bounties and premiums, military and hospital stores, ordnance, recruiting, medical, Freedman's Bureau, Soldiers' Home, and for contingent expenses, are received and examined by the Second Auditor. Those relating to the subsistence of the Army and the Quartermaster's Department, engineers, river and harbor surveys and improvements, compensation for losses of horses and equipments of officers and enlisted men in the military service, for the losses of horses and equipments or of steamboats and all other means of transportation, in the service of the United States by contract or impressment, and generally all accounts of the War Department, other than those provided for, are received and examined by the Third Auditor (R. S., § 277). When examined, the Auditor certifies in each case the balance, and transmits the account, with the vouchers and certificate, to the Second Comptroller for his decision thereon (R. S., §§ 273, 277).

The Second Comptroller examines the same and certifies the balance arising thereon, and his certificate is returned, with the vouchers, to the Auditor, who transmits the certificate to the

Secretary of War, in whose department the expenditures have been incurred, for a requisition thereon (R. S., § 273).

The Secretary of War, upon this certificate, draws a requisition on the Secretary of the Treasury, requesting him to cause a warrant for the amount specified to issue in favor of the claimant, to be charged to the appropriation to which specific reference is made (R. S., § 3673).

The requisition signed by the Secretary of War is forwarded by him to the Second Comptroller, who countersigns the same (R. S., § 273), and sends it to the Auditor by whom the account was first audited.

The certificate is returned to the Auditor, who files the same with the vouchers in his office, records the requisition, certifies to it, and sends it to the Secretary of the Treasury (R. S., § 283).

A warrant is then drawn in the warrant division of the Secretary's office and charged to the proper appropriation. The warrant is addressed to the Treasurer of the United States, directing him to pay to the person named the amount specified, to be charged to the appropriation named in the margin (R. S., §§ 248, 3675). This is examined by one of the Assistant Secretaries (R. S., § 245), and is signed either by the Secretary, or, in certain cases, by special appointment of the Secretary, by one of the assistants (R. S., § 246). It then goes to the First Comptroller, who countersigns the same, it being his duty "to countersign all warrants drawn by the Secretary to the Treasury which shall be warranted by law" (R. S., § 269). It is next sent to the Register, who, after recording and certifying to the same, transmits it to the Treasurer.

The Treasurer thereupon draws a draft, payable by the Treasurer in Washington, or elsewhere by an Assistant Treasurer or designated depository, to the order of the person named in the warrant, signs the same, transmits it to the Register for record and certification by him, and on its return delivers it to the party to whom it is made payable, or his attorney, or to whomever he may order, unless the Secretary of the Treasury, by a memorandum on the warrant otherwise directs. The Treasurer relies wholly upon the warrant as it reaches him under the signature of the Secretary or an Assistant Secretary of the Treasury, and he strictly follows its directions as his authority and justification.

Then, and not till then, is the settlement consummated and payment authorized (R. S., §§ 3593, 3644).

Accounts of the Navy Department are settled in the same manner, except that they go to the Fourth Auditor (R. S., §§ 277), and the requisition is drawn by the Secretary of the Navy (R. S., § 273). So are the accounts relating to the Indian affairs and to agents of lead and other mines, except that they go to the Second Auditor, and accounts relating to pensions of the Army, which go to the Third Auditor, and those relating to pensions of the Navy, which go to the Fourth Auditor (R. S., § 277), and all require requisitions from the Secretary of the Interior instead of other heads of departments (R. S., § 444); but they are passed upon by the Second Comptroller, and in all other respects are subject to the same departmental processes as stated with reference to claims on the War Department.

As to the settlement of the accounts of other departments there is some variation in the course of business from that which we have stated.



The First Auditor receives and examines all accounts accruing in the Treasury Department; accounts of salaries in the Patent Office; of judges, marshals, clerks, and other officers of courts; of the officer in charge of the public buildings and grounds in the District of Columbia; of the Congressional Printer; of expenditures for the Department of Agriculture; for public buildings and for prisoners convicted by United States courts, and certifies the balances and transmits the same with the vouchers, those relating to the customs to the Commissioners of Customs, and all others to the First Comptroller (R. S., § 277). The Fifth Auditor receives and examines all accounts relative to the State Department, all accounts of the Commissioner of Internal Revenue, and those relating to the contingent expenses of the Patent Office and the Post-Office Department, and accounts of the census, and certifies the balances to the First Comptroller (R. S., §§ 273, 277).

The Commissioner of the General Land Office also certifies the balances found by him, as an auditor, to the First Comptroller (R. S., § 456).

The Commissioner of Customs examines the accounts thus transmitted to him, and certifies the balances arising thereon to the Register, and there his duty ends.

The First Comptroller in like manner certifies the balances arising on the accounts thus transmitted to him directly to the Register (R. S., § 269), by whom the accounts, vouchers, and certificates are filed and preserved (R. S., § 313), and a copy of the certificate in each case sent to the Secretary of the department in which the expenditure has been incurred (except when it is the Treasury Department), who indorses thereon a request to the Secretary of the Treasury to "please cause a warrant to be issued in accordance with the certified copy of settlement," and forwards the same to the Secretary of the Treasury, in the warrant division of whose office it is then filed as a basis for drawing a warrant.

When the expenditure has been incurred in the Treasury Department, the Register transmits to the Secretary of the Treasury copies of the certificates of balances adjusted (R. S., § 313), and they are sent to the warrant division, and warrants issue, and other proceedings are had precisely as in accounts which pass the Second Comptroller, as before explained.

There are kept in the warrant division of the office of the Secretary of the Treasury, and in the offices of the Register and First Comptroller, separate appropriation accounts, in which are credited the amounts appropriated by Congress to each specific object, the Secretary issuing appropriation warrants to the Register and Comptroller therefor. These accounts, in each of those three offices, are charged with all warrants from time to time drawn against them respectively (R. S., §§ 313, 3675). And the Second, Third, and Fourth Auditors, performing the duties of Register for the War, Navy, and Interior Departments, in whole or in part, also keep like appropriation accounts for those departments (R. S., § 3673). Thus the different officers of the Treasury Department have checks upon each other in the drawing of money from the public funds.

The Post-Office Department accounts are kept, audited, controlled, and paid in an anomalous manner, as compared with all other government accounts. All the revenues deposited in the Treasury on account of that department stand to the credit of the Treasurer of the United States for service of the Post-Office Department, and there is no Comptroller of Accounts as a separate

officer (R. S., §§ 406, 407, 408, 3642, 3643, 3674). Accounts are examined by the Sixth Auditor, who performs not only the duties ordinarily belonging to an Auditor, but also those of a Register and a Comptroller (R. S., § 277). When he certifies a balance due, a warrant therefor is drawn on the Treasurer for the amount, signed by the Postmaster-General and countersigned by the Sixth Auditor. It is then transmitted to the Treasurer, who records the same, directs, by an order on the face thereof, its payment out of the Treasury, and returns it to the Postmaster-General.

This is not only a warrant, but is a draft also, payable to the order of the creditor, and is delivered to him for collection, and upon that warrant and draft payment is made, the funds of that department not being subject to the warrant of the Secretary of the Treasury, as are other public moneys in the Treasury (R. S., § 3642, 3674).

If the Postmaster-General, or any person whose account has been settled with the Sixth Auditor, is dissatisfied with the settlement, he may, within twelve months, appeal to the First Comptroller, whose decision shall be conclusive (R. S., § 270).

Such is the method of the final settlement of all accounts in the Treasury, omitting much detail which occurs in carrying on the general course of business.

But vast sums of money are paid to parties for salaries and on other accounts by disbursing officers before the claims have passed the Treasury accounting, and the number of such officers is large, their appointments being provided for by special or general provisions of statute (R. S., §§ 56-58, 62, 176, 255, 496, 1153, 1382, 1550, 1563, 1765, 1951, 3144, 3646, 3648, 3658, 3677, 4839, &c., &c.). They are all under bonds, and are responsible for the legality and correctness of their payments. Their accounts are finally settled through the accounting officers, and every item charged therein is subject to examination and adjustment, as are all other demands, and only such are allowed as are found to be sufficiently vouched for and to have been legally and rightly paid. All others are rejected, and the disbursing officer and his bondsmen are held liable for any balances found against him on such settlement (R. S., §§ 3622-3625; *McKee vs. United States*, 12 Ct. Cl. R., 553).

Most of the accounts of the State Department are paid in that manner through different disbursing officers and otherwise, before being finally audited, and so are all those of the Department of Agriculture, the Commissioner of Agriculture being himself the disbursing officer (R. S., § 3677), and neither he nor the Secretary of State draws requisitions, or requests, for settlement-warrants to issue on the certified balances of the accounting officers. To these disbursing officers the money is advanced on advance-warrants drawn in most cases by requisition or request from the heads of the departments in which the money is required, recognized by statute as to the Secretary of the Senate, the Attorney-General, and Secretary of the Interior (R. S., §§ 56, 369, 444), and allowed in practice as to all the departments. The money advanced thereon is passed to the credit of the disbursing officers by the Treasurer, the assistant treasurers, or designated depositaries, and drawn by them only on their checks when required and under rules to which they are made subject by department orders and statute provisions, or is received and paid out in cash (R. S., §§ 3620-3623).

Coupons on bonds and quarterly-interest checks of the public

debt are paid on presentation, without advance-warrants being drawn therefor, but the Treasurer is reimbursed monthly by warrants drawn on his requisitions, by the Secretary of the Treasury for the amounts thus paid, and subsequently they pass the accounting officers as items of credits in his accounts. But interest on registered bonds (except that on the funded loans, so called, which is paid by checks) is always advanced to the Treasurer and assistant treasurers, upon advance-warrants as in other cases.

Consuls in foreign countries draw drafts upon the Secretary of the Treasury or Secretary of State to the extent of what appears to be due them, and so do sometimes the ministers of the United States to other governments, although generally the latter officers draw upon the agents or disbursing officers appointed for that and other like purposes in London. These drafts are paid on warrants drawn upon requisitions of the Secretary of State and are charged to the respective drawers, to be accounted for on final settlement; and the accounts of all these officers are finally examined and passed upon by the accounting officers, and payments thus advanced are charged against them.

These different processes in the settlement of claims and demands upon the Government from their receipt by the Auditor, through the several stages of examination, certification, and drawing of warrants for payment up to the time when the Treasurer issues his drafts, are all matters of accounting, to justify the Treasurer in paying out the public money, and are not consummated beyond recall until the claimants receive the negotiable drafts of that officer, drawn according to the convenience of parties upon the Treasury proper in Washington, or upon one of the several assistant treasurers or designated depositories in some other place.

Such drafts are understood to constitute new contracts on the part of the Government, into which the previous claims upon which they issue are merged, and are valid and binding upon the United States in the hands of *bona fide* holders, by indorsement, for valuable consideration, as commercial bills of exchange and promissory notes are between individuals, however fraudulent may have been some of the practices of the original claimants in respect to the claims and accounts upon which the settlements were made and drafts issued (R. S., § 308: *The Floyd Acceptances*, 7 Wall., 666).

The certificates and orders made previously to the issuing of the drafts are departmental proceedings, directions among the several public officers, none of which are delivered to the claimants, or even allowed to be seen and examined by them without leave from some officer having authority to grant it. Parties gain no new rights thereby, into which their former rights of action are merged, and upon which actions can and must be brought as upon an award. There is nothing in the proceedings in the nature of a submission to arbitration.

But if the whole has the semblance of an adjudication and award, the conclusion of it is the amount of money authorized to be paid out of the Treasury to the claimants, for that is the final object of the processes of accounting; and it is the result which arbitrators reach, and not each different step in the processes by which they arrive at the same, taken separately and independently, that determines the rights of parties thereto, if the arbitrators act within the scope of their jurisdiction. And it may be regarded as settled law, in accordance with the uniform practice, that the accounting officers have jurisdiction, in proper cases, in the course

of settling accounts in the Treasury Department, to set off one debt against another, when a claimant is both debtor and creditor (R. S., § 1766; *Gratiot vs. United States*, 15 Pet., 370).

In the present case, the Comptroller, by his memorandum on the requisition, which was part of his official action in the matter, directed that only \$21,675.68 should be paid to the claimants, and the Secretary of the Treasury made a like memorandum upon his warrant, so that they have received all that the public officers finally determined to allow to be paid to them. The Secretary followed the direction of the Comptroller, and did not undertake to alter the determination of that officer or to introduce any new order of his own. If the Comptroller's determination is conclusive at all, it is conclusive in whole, and not in part, and was so regarded by the Secretary of the Treasury.

In matters of accounting, the several public officers act independently of each other, although the Secretary of the Treasury, being the head of the department, has a right generally to control or revise to some extent the action of others in subordinate official positions, and a Comptroller has some power over an Auditor (R. S., § 271), and is not bound by the action of that officer which is certified to him.

For a long series of years, extending from the first organization of the Treasury Department to 1868, there was a controversy as to how far, if at all, the balances and action of a Comptroller were subject to revision and change by the heads of departments or the President. Upon the advice of several Attorneys-General, the question was practically settled against the right of the President and in favor of that of the Secretary of the Treasury. But the Comptrollers yielded with reluctance, and in 1868 an act was passed, which is now incorporated into the Revised Statutes as section 191, which provides that the balances certified by the Comptrollers "shall be conclusive upon the executive branch of the Government, and be subject to revision only by Congress or the proper courts." We had occasion, in a former opinion, to review this controversy with care, and it is unnecessary to repeat here what we said then, which may be found in the report of the case of *McKee vs. The United States* (21 Ct. Cl. R., 553).

It is provided, as we have seen, that an appeal may be had from the Sixth Auditor to the First Comptroller in certain cases, and the decision of the latter officer is declared to be conclusive (R. S., § 270). But this conclusiveness is probably intended to be no more than that of other decisions of the Comptroller above referred to (R. S., § 191), that is, conclusive upon the executive branch of the Government, but not upon Congress or the courts.

The object of the act of 1868 (R. S., § 191) appears to have been to settle a long-standing controversy, and render the Comptrollers independent in their action of the heads of departments in certifying balances of accounts, and not to give to the decisions of those officers the character of awards absolutely binding upon the United States. It will be observed that the independence of the Comptrollers provided for by that act only extends to the certified balances, which cannot be changed or modified by other executive officers; but in all other matters of accounting the superiority of the power of the Secretary of the Treasury is not modified, but is left as it was before.

In a case decided in the Supreme Court, wherein by special act Congress directed the Postmaster-General to investigate and

adjust certain claims, which he did, and made up his decision or award thereon, and Congress repealed the act before the balance found due was paid, the Court held that the proceeding was only a matter of accounting, and that the United States were not bound thereby as upon an award. In delivering the opinion of the Court, Mr. Justice Swayne says: "The adjustment having been made under a special law renders it in no wise different as regards the point we are considering from those made daily by the accounting officers of the Government, under the general law conferring their powers and prescribing their duties. The idea that the Government is finally concluded by the result at which they may arrive would be regarded as a novelty within and without the several departments." (*Chorpenning vs. United States*, 94 U. S. R., 397, and 12 Ct. Cl. R., 119).

The claimants' counsel relies upon the case of *Kaufman vs. United States* (11 Ct. Cl. R., 659), recently affirmed, on appeal, by the Supreme Court (96 U. S. R., 567), wherein it was held that an action might be maintained in this Court upon an allowance made and certified by the Commissioner of Internal Revenue for the refund of a tax paid by a special-tax stamp returned under the provisions of Revised Statutes, § 3426. But that was quite a different case from this. The Commissioner of Internal Revenue is not an accounting officer, and his allowance of a refund was made necessary by the statute and regulations before the claimant in that case had any cause of action upon which to found proceedings in this Court. The original claim belonged to one of several classes of claims of like character, as to which the claimants' rights and the liability of the United States are not fixed until the discretion of some designated officer has been exercised thereon, and an allowance ordered by him. The rules of law applicable to our jurisdiction in such cases have been carefully considered and laid down by this Court in former cases (*Campbell vs. United States*, 12 Ct. Cl. R., 470; *Boughton vs. Same*, 12 Ct. Cl. R., 330). Claims of that kind arise under numerous provisions of law, among which may be mentioned refunds of customs duties improperly collected, &c. (R. S., §§ 2984, 3011, 3014; *Nichol's Case*, 7 Wall., 122), drawbacks for duties and internal revenue taxes paid under various circumstances entitling parties to refund on the conditions specifically provided for (R. S., §§ 2977, 3015-3057, 3386, 3441; *Portland Co. vs. United States*, 5 Ct. Cl. R., 441; *Campbell vs. United States*, 12 Ct. Cl. R., 470); refunds of internal revenue taxes wrongfully assessed and collected or abated for different causes (R. S., §§ 3220, 3221, 3228), and claims for cotton seized after June 30, 1865, by agents of the Government in violation of their instructions (act of May 18, 1872, 17 St., 134). In all these cases, and others of like kind, the officer charged by statute with the duty of allowing or disallowing the claim in his discretion or according to his judgment must first act before the claimant's right is fixed. Then, when he has obtained a decision in his favor, the claimant's demand, of which that decision is a *prima facie* if not conclusive determination, if the officer acts within the scope of his authority and in accordance with the provisions of law, may be the foundation of an action in this Court, or may pass the accounting officers and be paid by drafts upon warrants duly issued, as in other cases.

Even the judgments of the Court of Claims must pass through the same processes of accounting, not for the purpose of review,

but to justify the Treasurer in issuing his draft for the payment thereof; and that is, what all the long process of accounting leads to, as we have before pointed out.

It remains to be considered whether or not the decisions of the accounting officers in favor of claimants, if not conclusive on the United States, are not at least *prima facie* evidence of indebtedness, with the burden of proof on the defendants to impeach and overthrow the same. Most of the circumstances and reasons which we have recited as showing that such decisions are not conclusive on the Court, also show that they are not even *prima facie* evidence.

The functions of this Court are to hear and determine original claims and demands against the United States founded on contract, statute, or departmental regulations, and not upon the reports and action of accounting officers made for purposes altogether different from that of submission to any Court. By Revised Statutes, section 1063, the head of any department may transmit any claim made upon it to the Court of Claims for determination, and it has been held that this may be done after the accounting officers have certified a balance in favor of the claimant. (*Delaware River and Steamboat Co. Case*, 5 Ct. Cl. R., 55; *Winnissimmet and other cases*, 12 Ct. Cl. R., 319). It never could have been intended by Congress that in such cases the United States were to assume the burden of proof to establish the errors of their accounting officers, instead of requiring claimants to prove their whole case.

It is clear from all the provisions of law applicable to this Court that claimants are required to establish their rights by original and legal evidence, exclusive of the testimony of parties in their own favor (R. S., 1079), and that they are not to rely upon reports and certificates of officers who pass upon claims without the formality of such evidence and proofs as are required in courts of justice, certificates made upon *ex parte* affidavits, often of claimants and interested parties, documents not proved under oath, and reports of other officers not sworn to, and other evidence satisfactory to them, and which under all the circumstances may be trustworthy to a greater or less extent, as is the unsworn and hearsay evidence on which most of the business of daily life outside of Courts is conducted, but which would be wholly incompetent here.

The statements of accounts upon such evidence by accounting officers who have no other knowledge of the facts, would be an unsatisfactory foundation on which to rest a *prima facie* case against the United States, when parties come into court to set up and enforce their legal rights.

One of the primary, most important, and most useful objects to be attained in establishing this court was to provide a tribunal where claims against the Government should be determined upon legal evidence, taken under the forms and subject to the rules of law, which they are not and never can be in the process of accounting in the Treasury Department, the machinery of which is only adapted to the passing upon ordinary accounts upon which controversies are not expected to arise to any great extent, and not at all beyond the means of adjusting from the records and files of the several departments.

By Revised Statutes, section 886, a transcript of the books and proceedings of the Treasury Department is made evidence "when

suit is brought in, any case of delinquency of a revenue officer or other person accountable for public money," and certified copies are authorized to be received instead of compelling the Government to produce original documents in certain cases. And by Revised Statutes, sections 951 and 952, in suits by the United States against individuals, "no claim for a credit shall be admitted upon trial except such as appear to have been presented to the accounting officers of the Treasury for their examination, and to have been by them disallowed in whole or in part," with an exception therein specified but not here material. Those provisions relate to actions brought by the United States, and are rules of evidence established for the convenience of the Government as exceptions in its favor to the general rules of law, and are not applicable to proceedings in this Court in favor of claimants.

There is a reason why a transcript of the records and proceedings of the Treasury Department may justly and properly be made evidence by Congress in favor of the United States, "in any case of delinquency of a revenue officer, or other person accountable for public money," to which this provision is limited, which does not apply in cases brought by claimants to establish their demands. In the former case the items and charges to be proved thereby are payments and advances made through the departments by public officers, whose duty it is to enter the same of record. They are official recorded acts, authenticated, as other records are, by certified copies. In the latter case, the items which claimants set up as demands against the Government are not generally matters of record, nor within the knowledge of the Treasury officials, and whatever vouchers appear among the papers in the course of the proceedings for accounting are usually furnished by the claimants; and the filing of them in the department, and then obtaining a transcript of the same, if such transcript were admitted in evidence, would be to claimants an easy method of making evidence for themselves.

Even when offered in favor of the United States, a transcript from the Treasury Department is not evidence of all it may contain. In *United States vs. Bufort* (3 Pet., 12), the Supreme Court says, "an account stated at the Treasury Department, which does not arise in the ordinary mode of doing business in that department, can derive no additional validity from being certified under the Act of Congress. Such a statement can only be regarded as establishing *items for moneys disbursed through the ordinary channels of the department, where the transactions are shown by the books.*" In several subsequent cases this statement is cited by the Court with approval.

We do not mean to hold that a copy of a voucher sent here officially through the department in which it belongs, and where the original is recognized as genuine and valid, would not be *prima facie* evidence of indebtedness, independently of the action of the accounting officers; but only that accounts and balances stated by those officers, involving controverted questions of law, as well as of fact, depending upon the genuineness, validity, and legal effect of documents, as the assignment of the voucher in this case, which are not matters of public record, nor within the knowledge of officers of the department in which they are filed, and are accepted upon evidence which would not be admitted in any court of justice, are not *prima facie* evidence to charge the United States in suits against the Government.

The Court of Claims at first had a rule that "in every case where the claim is such as is ordinarily settled in any executive department, the petition shall show that application for its allowance has been made to that department, and without success, and its decision thereon;" and a petition was dismissed because it did not set forth those facts. On appeal, the Supreme Court decided the rule to be unauthorized and void, and remitted the case with directions to proceed to a hearing on the petition, and the rule was thereupon abrogated, and this Court has ever since proceeded to hear cases without reference to the action of accounting officers thereon (*Clyde vs. United States*, 13 Wall., 35).

If, however, it is the duty of the Court of Claims to receive the certificates of the accounting officers as *prima facie* evidence in favor of the claimants, and to confine itself to a review of the case upon the papers submitted through those public officers, we find in this case two insurmountable obstacles in way of a recovery by the claimants.

1. The original cause of action first accrued in May, 1861, and the petition was not filed until July, 1877, more than six years after the cause of action first accrued, and so is expressly barred by statute (R. S., § 1069), unless the allowance by the accounting officers created a new cause of action, which we have shown was not the legal effect thereof.

2. The present claimants are assignees, or claim to be assignees, of the original creditor of the United States, by virtue of a voluntary assignment made before "the allowance of the claim, the ascertainment of the amount due, and the issuing of the warrant for the payment thereof." It has recently been authoritatively determined by the Supreme Court that such an assignment is in direct contravention of the Act of 1853, ch. 81 (now R. S., § 3477), and gives to the assignee no right of action against the United States. Neither the accounting officers nor the Secretary of the Treasury, nor both together, can create a privity of contract between the Government and an assignee of its creditor, by recognizing a voluntary assignment made before the warrant for payment is drawn, and by stating an account thereon in favor of the assignee (*Gillis's Case*, 95 U. S. R., 407; *Burke's Case*, 13 Ct. Cl. R., 231; *Johnston's Case*, 13 Ct. Cl. R., 217).

So, in any point of view in which we consider this case, it is clear that the claimants have no legal cause of action upon the facts which have been proved.

This brings us to the question of whether or not the defendants are entitled to judgment against the claimants for the \$21,675.68 thus paid to them as assignees, by virtue of an assignment made before warrant issued. The Assistant Attorney-General has filed a set-off or counter-claim (R. S., §§ 1059, 1061) for that amount, on the ground that payment was illegally and improperly made by the public officers, and so may be recovered back.

In our opinion, this position cannot be successfully maintained. It by no means follows that payments made with the consent of the parties interested, upon assignments which could not be enforced in law, are such illegal and unwarranted payments by public officers that the United States may recover back the money, especially when the settlement is not objected to, but is acquiesced in by the original creditor, and it does not appear that the Government has suffered or can suffer any loss thereby.

If the parties allow money due them to be paid to others with



their knowledge and consent, it is an adoption and ratification of the Act which they cannot afterwards set aside, and such payment is a valid discharge of the debt as between the Government and the creditor. There is no reason, therefore, why the United States should recover back what has been paid in good faith and to the satisfaction of all parties interested, when there is no other claimant for the money which, if recovered, the Government ought not to retain.

On the whole case, the judgment of the Court is that both claimants' petition and the defendants' counter-claim be dismissed.

---

### LEGAL MISCELLANY.

**CORPORATION — TRANSFER OF STOCK — BANK CONCLUDED BY ACTION OF OFFICERS.**—The firm of P & Co. assigned as collateral security to T, to secure a loan by him to them, shares in the W bank. The notes becoming due and unpaid, T wrote to the cashier of the W bank asking for a new certificate, and inquiring what the stock was worth. The cashier replied, and promised to forward a new certificate, but could not do that, as the president of the bank was absent. Negotiations were had by T through the cashier for a sale of the stock, during which the cashier wrote T that it would be useless to forward him a certificate, as he intended to sell the stock. An entry was made on the stock ledger of the W bank crediting T with \$10,000, the face value of the stock. Some days after this account was debited with two items of \$500 each for twenty shares of stock sold, and the proceeds were remitted by the cashier to T. This stock ledger was the only book kept by the W bank showing the transfers of stock, except a book of certificates, the stubs of which showed to whom the corresponding certificate had been issued, and what certificate had been surrendered in lieu of it. The stock ledger was kept by the cashier. The cashier was a member of the firm of P & Co., and known by the directors of the bank to be such. It was his usual practice, as cashier, to make and keep the account of transfers of stock without consulting in each case with the board of directors. About a month after these credits and debits were made P & Co. failed, and a month later assigned for the benefit of their creditors. After this the attorney for the W bank notified T that the president or directors never approved of the transfer of the stock from P & Co. to him, and could not do so, as P & Co. were indebted to the bank, and the statute forbade a transfer under such circumstances. The statute referred to provided thus: "The stock of the bank shall be assignable and transferable on the books of the corporation only, and in the presence of the president or cashier, in such manner as the by-laws shall ordain, but no stockholder indebted to the bank for a debt actually due and unpaid shall be authorized to make a transfer or receive a dividend until such debt is discharged or security to the satisfaction of the directors given for the same." There was no by-law of the W bank in the subject. *Held*, that as between the firm and T the title to the shares of the stock passed (*Johnston v. Laflin*, 103 U. S. 804). that this title was subject to the lien of the W bank for the debt of the stockholders to it if it saw fit to enforce such lien, but it might waive the lien, and in this case it did so. The bank was properly represented in the act of transfer by its cashier; and he

was authorized to bind the bank in consummating the transaction, by virtue of his office, in the absence of any by-law, according to the usage of the business and the practice of the particular bank, presumed to be known to and approved by the directors. *Case v. Bank*, 100 U. S. 446. Held also that T was entitled to a certificate for the shares of stock not sold by the cashier for him, and could maintain an action to compel the issue of such certificate. *Cecil National Bank v. Watsontown Bank*. U. S. Sup. Co., Apr., 1882.

#### NATIONAL BANK—SETTLING CLAIMS OF—STOCKHOLDER'S LIABILITY.

—(1) The Comptroller of the Currency has no power to compound or settle claims of a National bank against its debtors; that requires the authority of the court under U. S. Rev. Stat., § 5234. (2) Under section 5151, U. S. Rev. Stat., owners of stock in a National bank are liable for its debts, and persons who hold themselves out or allow themselves to be held out as owners of stock are also liable, whether they own stock or not. *Davis v. Stevens*, 17 Blatchf. 259; *National Bank v. Case*, 99 U. S. 628. *Case v. Small*, U. S. Circ. Ct., E. D. Louisiana.

DEPOSIT—TITLE TO—ATTACHMENT.—N was in the habit of purchasing and advancing money on drafts drawn by D; and the money on such drafts was sometimes paid to D, and sometimes it was left by him in the hands of N, with the understanding that N was to hold it for the use and benefit of certain persons named by D at the time, and to be paid to such persons only upon the presentation of the check or order of D. Upon a judgment recovered against D, an attachment by way of execution was issued and laid in the hands of N. After the service of the attachment money was left by D in the hands of N, who paid it to the parties named by D, upon the presentation of his checks. There was no evidence to show that the deposit was made by D with the assent or knowledge of the parties named by him, nor was there any evidence of an agreement or understanding between such parties and N, either before or after the deposit was made. *Held*, that the money deposited by D with N after the service of the attachment remained the former's, and it was in his power at any time before the assent of the parties to the deposit to revoke the terms upon which it was made, and that such money being the property of D, was liable to attachment at the instance of his creditor. The law is, well settled that where money is deposited by A with B, for the use of C, the right of C to the money is not complete until C has in some manner recognized or assented to the deposit, or unless there is a privity of contract of some kind between B and C. Until such assent or privity of contract, the money is subject to the control of A and therefore liable to attachment at the instance of his creditors. *Kelly v. Roberts*, 40 N. Y. 432; *Brown v. Foster*, 4 Cush. 214; *Baker v. Moody* 1 Ala. 315; *Briggs v. Block* 18 Mo. 281; *People v. Johnson*, 14 Ill. 342. *Nicholson v. Cook*. Maryland Ct. of Appeals.

NOTE GIVEN FOR FRAUDULENT CLAIM—CONSIDERATION.—A note given to settle a fraudulent claim, one wholly without foundation, and known by both parties to be such, under threats of suit, is without consideration and void; and cannot be collected by a third party, though purchased before due, when such party was not only put upon inquiry, but also acted in bad faith in buying, he being a general purchaser of the payee's notes and knowing his dishonest methods in obtaining them. *Ormsbee v. Howe*, 54 Vt.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. FORGED INDORSEMENT.

A B, a public officer, having funds in the C National Bank to his credit as such officer, draws his official check upon the bank payable to the order of E F. The check is then indorsed E <sup>his</sup> F, and the indorsement witnessed by the same A B (personal signature) as identifying the genuineness of the payee's indorsement; upon this evidence the bank paid the check.

The payee's indorsement proves a forgery, the witness's signature genuine, as was the check. Is not such identification by the drawer, though not in his official capacity, equivalent to his saying "pay upon this indorsement?" and is not the bank, by accepting of the indorsement thus certified to as correct, saved harmless?

REPLY.—The drawee of a bill of exchange is bound to ascertain that the person to whom he makes payment is the genuine payee, or is authorized by him to receive it. It is no defense against such payee that the drawee, in the regular course of business and with nothing to excite suspicion, paid the bill to a holder in good faith and for value, under the indorsement of a person and bearing the name of the payee. This was the principle announced in *Graves v. American Exchange Bank*, 17 N. Y. 205, and which has been generally followed by the courts throughout the country. Banks have sometimes thought that this rule was severe, but the courts have not been inclined to relax it. The drawer directs a bank to pay to a particular person, and it is its duty to pay such a person, unless he directs payment to be made to some one else. When a bank does not pay the person specified, it does not execute the direction of the drawer, and therefore is held responsible.

We see no reason why this rule should not be applied to the case in question if the payee had received the check. The fact that the drawer acted in a representative capacity makes no difference. Nor does the fact that the indorsement consists of a mark instead of the payee's written name. Had he received the check, and A B had afterward obtained it wrongfully from him and drawn the money on it by forging E F's name, the bank clearly would have been held liable.

But it seems that E F never received the check, and for aught that appears there is no reason why he should have received it. A B drew the check and E F had no interest in it until it was delivered to him. A B may owe E F, but that is no affair of the bank. We do not see, therefore, that the bank has incurred any liability to E F.

## II. BLANK INDORSEMENT.

A draws a note to the order of B, who indorses the note by simply writing his name across the back, and C steals the note from B and offers it to D for discount. D knowing A and B to be responsible and their signatures to the note genuine, cashed the note, not knowing it was stolen. Can B claim the note in the hands of D (an innocent holder) as his property?

REPLY.—No; the indorsement in blank was equivalent to making the note payable to bearer, and D having received it in good faith, has a good title thereto.

### III. CERTIFICATE OF DEPOSIT.

A bank issues a certificate of deposit to A, which is stolen by B, who forges A's signature thereto and transfers it to C. C indorses it and deposits it in the bank which gave it, and it is credited to C's account. Afterward the forgery is discovered.

Is the bank responsible to A for the amount of the certificate?

REPLY.—A bank is bound to know the signature of its customers. No legal principle is better established than this. The answers to the previous inquiries in the present number contain a reference to the leading American decision on the subject. A had not indorsed the certificate, and the bank should not have paid it without such indorsement. The bank, therefore, is clearly responsible to him for the amount.

FRENCH FINANCES.—Under the heading of "Flanbez Finances," the writer of an article in the *Paris Figaro* represents with tolerable accuracy the present position of French finances. We quote a few sentences: The destructive *regime* which seems to have assumed the task of annihilating all the elements of our power, and which has so far succeeded in disorganizing the army, diplomacy, administration, magistracy, public instruction, the public service, and persecuting the Church and the faithful, could not make an exception to the finances, especially because a detestable policy must necessarily lead to a detestable finance. A well-known financier, Baron Louis, set forth this axiom:—"A State wishing to enjoy much credit must always pay, even for its foolish doings." This is why we are paying so much, but without being able to balance our expenses with our incomes. We pay six times more than we did under Louis XVI, four times more than we did under Napoleon I, three times more than under the Restoration, twice more than under Louis-Philippe, double as much as under Napoleon III. Are we six times, four times, twice as happy and prosperous? We pay more than England, which holds under her sway immense colonies and hundreds of millions of men. We pay more than Russia, whose territory, equal to the whole of Europe, has its boundaries in a vast Asiatic Empire; more than Germany, whose powerful military organization was enormously costly, more than Austria which is still stretching her frontier. We pay—we alone—more than Italy, Spain, Portugal, Switzerland, Belgium, Holland, Sweden, and Norway put together. This is the only superiority left to us, and we should feel more flattered if our supremacy were of another kind. The Republican policy of past times has been converted, since their accession to power, into a policy of dilapidation and squander. To pay nothing except their sinecures the Republicans have increased by sixty millions the credits which sufficed to pay the *personnel* under the Monarchy and the Empire. If they wage war against the Gospel they know well enough how to apply the evangelical maxim to their friends. When falling the Republic will be able to say, "They were naked and I clothed them; they were hungry and I fed them, they were poor and I made them rich." Unfortunately all this has been done at the expense of the nation, and France will be penniless when those who are now enriching themselves have ceased to acquire palaces, woods, and castles.

## BANKING AND FINANCIAL ITEMS.

**THE BANK OF THE STATE OF NEW YORK.**—Nearly seven-eighths of the shareholders of the Bank of the State of New York voted December 6, in favor of going into liquidation as a National banking organization, for the purpose of reorganization under the State bank laws. The Directors of the St. Nicholas Bank met and considered the advisability of such action, and steps looking to such reorganization have since been taken. The change from a National to a State bank in each case is due to the ruling of the Attorney-General that "acceptances" and "over-certification" are both illegal. This decision is annoying to banks whose business is largely with stock brokers, and it is expected that other banks will follow the example set by the Bank of the State of New York. A certificate setting forth the dissolution of the National Bank of the State of New York, and the association of its shareholders under an Act passed by the Legislature of this State on July 1, 1882, for the purpose of establishing "an office of discount, deposit, and circulation, and to carry on the business of banking," was filed in the County Clerk's office. This certificate is signed by R. L. Edwards, R. G. Rolston, Henry Hentz, W. H. Hays, James B. Colgate, August Belmont, Jr., and James F. Closson—a majority of the Directors. The new bank is started with a capital stock of \$800,000, for the increase of which to \$10,000,000 provision is made in the articles of association, which are not yet filed.

**THE AMERICAN EXCHANGE IN EUROPE (LIMITED).**—At a special general meeting of the stockholders of this company, held in this city pursuant to notice on November 11, the following resolutions were unanimously passed, and were unanimously confirmed at a further special general meeting held December 2, Senator Joseph R. Hawley, president, in the chair:

1. The company hereby authorizes the directors to increase the capital of the company to \$5,000,000 (United States gold currency), or \$1,000,000 sterling by the issue of 400,000 shares of \$10 (United States gold currency) or £2 each, at such times and in such manner as they may think fit.

2. All new shares shall, when issued, be offered to the members in proportion to the existing shares or amount of stock held by them; and such offer shall be made by notice specifying the number of shares to which each member is so entitled, and giving him the option of taking the same within two months from the date of the receipt of such notice, at the expiration of which time the offer of such shares shall, if not previously accepted, be deemed to be declined. In case such shares shall not be accepted, or the members shall give notice that he declines to accept the shares, the directors shall offer the same at not less than *par*, in such manner as they may deem best; and all resolutions heretofore passed which may conflict with these resolutions are hereby repealed.

Agreeably with these resolutions the directors have resolved on a first issue of fifty thousand shares of ten dollars each of the capital stock of the company, the same to be offered in the first instance to existing stockholders in equal amounts to shares now held by them.

**LEE'S CAREER.**—The story of Reuben Porter Lee, who has just been sentenced to ten years in the penitentiary for embezzling \$200,000 from the First National Bank of Buffalo, reads like a romance. Entering the institution as messenger boy at the age of fifteen, he had filled the positions of book-keeper, teller, cashier, vice-president and president at the age of thirty-two. He was elected to the latter position last January, at which time the stock of the bank was worth 160. Three months afterward the institution closed its doors, hope-

lessly insolvent. Lee obtained the money by discounting his own, his wife's and his father's notes, each in excess of the ten per cent. of the bank's capital stock, which is the highest limit allowed to any single borrower. He allowed the reserve to be drawn below the fifteen per cent. required by law and carried paper for a worthless firm to the extent of one million of dollars at times. He received his sentence with seeming indifference.

**POST-OFFICE SAVINGS BANKS.**—By a return recently issued showing the number of accounts of depositors in the Post-Office Savings Banks in the United Kingdom remaining open on the 31st of December, 1881, it appears that the number of accounts which were current on the day named was 2,607,612, as against 2,184,972 on the corresponding date of 1880; while the amount inclusive of interest standing to the credit of all open accounts had in the same interval increased from £33,744,637 to £36,194,945. Dividing the accounts into nationalities, in England and Wales there were at the end of 1881, 2,405,167 accounts, representing £33,687,227; in Scotland, 99,566, representing £699,788; in Ireland, 97,100, representing £1,723,395; and in islands in the British seas, 5,779, representing £84,183. In England, Middlesex, Surrey, Lancashire and Kent furnished the largest, and Rutland, Westmoreland, Huntingdon, and Hereford the smallest number of depositors; in Wales, Glamorgan the largest and Radnor the smallest; in Scotland, Lanark the largest and Cromarty the smallest; and in Ireland, Dublin the largest and Longford the smallest. The large centers of population are thus coincident with the greatest number of depositors, the purely agricultural counties being at the other end of the scale with the fewest number of depositors.

**CANADIAN BANKING.**—The matter of loans to bank directors is attracting attention in Canada. The plan of permitting the governors of a bank to be heavy debtors to the institution is criticised warmly. The Dominion Bank, with a capital of \$1,500,000 and discounts amounting to \$6,330,000, gives its directors privileges to the extent of discounts aggregating \$1,464,000, or nearly the amount of the capital. Three Quebec banks are said to derive a considerable proportion of their business from their directors. The legality of these advances to directors is not questioned, since the law makes the shareholders competent to judge of the amount proper to allow directors in the way of loans. The assumption that the Dominion law limits the loans to directors to ten per cent. of the discounts is said to be unwarranted. The prudence, and not the lawfulness, of such advances is questioned. It is urged that the Government should regulate these loans by a reasonable and safe maximum limit, and not expose the community to any risks.

**GREAT BRITAIN'S DEBT.**—Great Britain is slowly, but steadily, reducing her National debt, which now amounts to about £763,000,000, against the highest figure of £839,000,000 twenty-five years ago—in dollars \$3,815,000,000 against \$4,195,000,000—an average reduction of some £3,000,000 or \$15,000,000 per annum, and now the reduction is at the rate of \$5,000,000 to \$6,000,000 per annum. On the large number of shares held by England in the Suez Canal, if no income is derived therefrom, five per cent. interest on the par value is paid by the Egyptian Government in place of dividends for twenty years to come; but, as the shares have risen immensely, the five per cent. is a mere pittance on the present cash value of the investment.

**BANKS IN MEXICO.**—Up to last February Mexico had no banks. Then a concession was given to French bankers with a capital of \$20,000,000. The Government gave them the privilege of issuing bills to the amount of \$60,000,000, and promised to give the bank the business of the Government offices. In return for the concession the bank gives the Government credit for \$10,000,000. There is no fear of further revolutions in the country, as with this large credit the Government can at once find means to put down an uprising. In the past the difficulty has been a lack of means to support an army. A bank has also recently been established in Sonora, one-fifth of the capital of which is held by Boston parties.

THE CITY OF GLASGOW BANK failed four years ago, but its liquidation has just been accomplished. Every penny of the bank's vast debt has been paid, and the remaining assets handed over to the company for the benefit of its shareholders. The liquidators paid off £11 000,000. of which nearly half came out of the pockets of the shareholders. At the last meeting of the liquidators the chairman stated that the liquidation had been brought to a close much sooner than was at first anticipated; from twelve to fifteen years having been the period which it was generally thought would be required to wind up the bank's affairs. Nearly £6,000,000 had been required to make up the deficit of the bank, and if the whole £846,000 of stock held by the public at the date of the liquidation had paid the calls in full a sum of £700 per share would have sufficed to pay off the whole debt. Taking the surrendering contributories, who held £757,000 of stock, he found that they had contributed only £465 for every £100 of stock they held, while the solvent contributories, holding only £89,000 of stock, had contributed as much as £2,750 per share. That was to say, they had paid their own £700 per share and £2,050 per share additional to make up for the deficiencies of the surrendering contributories. It was owing to the position in which the solvent contributories stood that the arrangement with regard to the Assets Company, providing for the solvent contributories getting the first offer of stock, was sanctioned by the Court. Mr. Wilson, of Glasgow, in moving the adoption of the liquidators' report at the meeting, said that when the failure of the City of Glasgow Bank took place four years ago the press of London, as well as other commercial centres in the Empire, declared fully their belief that the enormous loss of six millions would never be paid. They could now, however, look every man in the face, as they had paid their debts at the rate of 20s. in the pound.

TAXATION OF THE ROTHSCHILDS.—The two brothers, the Barons Rothschild of the old ancestral house in Frankfort on the-Main, have sent in their report of their incomes for the purpose of taxation, and the German papers are printing a good deal of gossip about it. The younger brother, Wilhelm, or "Willy" as he is called in half the journals, appears to be the richer man of the two, at all events for the present taxable year. His returns stand at the figures of 4,788,000 marks. The elder brother, Maier Karl, on the other hand, only owns to the smaller income of 4,560,000 marks. According to the figures rendered by himself to the Government, Baron Willy Rothschild enjoys a daily income of 13,120 marks, or over £650. An anti-Semitic print details the figures more closely, and exclaims that this wealthy Jew is receiving 564 marks of German money, or £28 English reckoning, every hour, about 9s. every minute, and 2d. every second. Twopence a second does not seem much, but one has only to recollect, says our contemporary, that there are 31,536,000 seconds in every year. If Baron Willy Rothschild should enjoy forty years of life, and put down his expenditure at a million marks a year, he will leave behind him for his heirs four hundred million marks more than his exceedingly wealthy father left him. A legacy of two million pounds is something stupendous to contemplate. Half the sovereigns in Europe, in another generation, will be beggars in comparison with these kings of money.

MUNICIPAL TAXATION IN THE CITY OF PARIS.—From the new budget of the City of Paris, some interesting facts are obtained, especially when they are placed alongside the figures of a similar kind for past years. Thus, in the year VII of the Republic, when the population was 581,000 souls, the ordinary budget was 7,500,000 francs, or about fourteen and a-half francs per inhabitant. By 1800 the tax per inhabitant had risen to nearly double fourteen and a-half francs, although the population was only increased by 16,756, and by 1817 it had risen to more than six times fourteen and a-half francs, the highest point it reached until 1872, in which year it was 104 francs. For 1880 the rate was 114 francs, the population being then 1,998,900, as against the 531,000 in the year VII of the First Republic, and 1,794,000 in the year 1872. Even more impressive are the figures of the increase in total expenditures. While the budget in the year VII was 7,500,000 francs, it was 104,000,000 francs in 1860, 145,000,000 francs in 1869, 187,000,000 francs in 1872, and 226,000,000 francs in 1880.

**WANING FORTUNES.**—There are scarcely ten of the numerous brokers in San Francisco, California, who made enormous fortunes during the Crown Point and Belcher and subsequent bonanza rises, who now have as much as \$50,000 lying to their credit with their bankers. Many and many of the broken brokers would, during the palmy days ranging from 1871 to 1877, clear from \$1000 to \$3000 per day in commissions; but they were not satisfied with such paltry revenues; they had to buy stock on their personal accounts, and in a very short time independent fortunes, varying from \$500,000 to \$2,000,000, dwindled to comparative insignificance. Many of these men, who built palatial residences on the aristocratic quarters of San Francisco, with equipages and all else in harmony, are now rustivating with their families in cheap boarding-houses in Oakland and that vicinity. One broker, who shall be nameless, had in 1877 a fortune of \$1,500,000 in cash, real estate, and bonds. He sent his family to Europe in 1873, where they remained until the latter part of 1878, keeping up an establishment in Paris at a cost of \$50,000 per annum, while his personal expenses in San Francisco could not have been less than \$15,000 a year. He went into Sierra Nevada and Union at the top-notch figures, expecting an appreciation in values as in the case of the Consolidated Virginia and California mines. The stock dropped, and he began to "average," until the stocks reached \$100 per share; by that time his money and credit had both been exhausted. He is now clerking in a banking house in San Francisco.—*Montreal Journal of Commerce.*

**WEIGHT OF A MILLION DOLLARS.**—Mr. E. B. Elliott, the Government Actuary, has computed the weight of a million dollars in gold and silver coin as follows: The standard gold dollar of the United States contains of gold of nine-tenths fineness 25.8 grains, and the standard silver dollar contains of silver of nine-tenths fineness 412.5 grains. One million standard gold dollars consequently weigh 25,800,000 grains, or 53,750 ounces Troy, or 4479 one sixth pounds troy, of 5760 grains each, or 3685.71 pounds avoirdupois, of 7000 grains each, or 1843.100 "short" tons of 2000 pounds avoirdupois each, or one 645.100 "long" tons of 2240 pounds avoirdupois each. One million standard silver dollars weigh 412,500,000 grains, or 859 375 ounces troy, or 71,614.58 pounds troy, or 58,928.57 pounds avoirdupois, or 29,464.1000 "short" tons of 2000 pounds avoirdupois each, or twenty-six 307.1000 "long" tons of 2240 pounds avoirdupois each. In round numbers the following table represents the weight of a million dollars in the coins named:

<i>Description of Coin.</i>	<i>Tons.</i>
Standard gold coin.....	19½
Standard silver coin.....	26¾
Subsidiary silver coin.....	25
Minor coin, five-cent nickel.....	100

**A BOSNIAC ON BANKRUPTCY.**—While one of the Bosniac delegates who waited upon the Emperor Franz Josef at the Hofburg, a few weeks ago, was staying in Vienna, the owner of the hotel in which he lodged became a bankrupt. Hearing of his host's mishap, the worthy Beg sought an explanation of the term "bankruptcy," and, having thoroughly mastered its meaning, proceeded, on his return to his native village, to impart his information to sundry of the faithful, his near relatives and close family connections. "This, O my brothers," he observed, "is the true and proper way to become a bankrupt. First you must hire a shop. Then you write to rich merchants in far-distant cities, inviting them to forward their wares to you for sale, and pledging yourself to pay them within a few months. As soon as you shall have received sufficient merchandise you must sell it for cash or hide it carefully away. Then you must go to the judge and say to him, 'Beloved of Allah! I am a bankrupt. Here are five pounds. They are all I have in the world.' The judge will keep four of the five pounds and proclaim your bankruptcy; the other pound will be divided among those who supplied you with goods. Later on you will remove to another town, and begin this good and easy business over again. Thus may the passing bitterness of insolvency be converted into the abiding sweetness of a comfortable independence. Be chesm! Upon my head be it!"—*London Daily Telegraph.*



**RAILROADS OF THE WORLD.**—The London Statistical Society has published a table showing the Railway mileage of European countries as follows :

<i>Miles.</i>		<i>Miles.</i>	
Germany.....	21,500	Switzerland.....	1,565
Great Britain.....	18,200	Holland.....	1,435
France.....	17,200	Denmark.....	1,160
Russia.....	14,600	Roumania.....	920
Austria.....	12,000	Turkey.....	870
Italy.....	5,500	Portugal.....	660
Spain.....	4,900	Greece.....	6
Sweden.....	4,600		
Belgium.....	2,500	Total.....	107,616

This places the 100,000 miles of railway in the United States in a favorable light, as compared with entire Europe.

**SMUGGLING.**—The Eastbourne of a hundred years ago was quite a smuggling locality. Indeed, the proceedings of the smugglers were conducted with the precision and force, and on the scale, of military proceedings. Within living memory smuggling operations have been conducted with the utmost vigor. Charles Lamb said that he could never realize the iniquity of cheating the revenue—which was to him simply an abstraction—and the Sussex smugglers would claim to be the earliest converts to the enlightened doctrines of free trade. Many families in the country might be pointed out—not a few in Sussex—where the foundations of a stately fortune have been laid in smuggling, not unaccompanied by violence and blood. There was one man who built a famous house called “Corsica Hall,” at Seaford, in this neighborhood, but his delinquencies being discovered, he was obliged to flee the country. He gave his place the name from the Corsican wine which he had smuggled. On one occasion a hundred smugglers fired into a party of dragoons, cut them about with swords, and loaded a hundred horses with contraband goods. On another occasion no fewer than 300 smugglers went in a body to land a cargo.—*London Society.*

**GOLD EXPORTS FROM NEW ZEALAND.**—We glean the following table showing the value of gold exported from the Colony of New Zealand for each year since the discovery of that metal in that quarter in 1857 down to June 30, 1880, from the Report to the State Department at Washington, made by Consul Griffin at Auckland:

1857... \$202,210	..	1865... \$11,132,370	..	1873... \$9,917,125
1858... 262,215	..	1866... 14,222,585	..	1874... 7,526,655
1859... 142,135	..	1867... 13,501,375	..	1875... 7,038,850
1860... 87,925	..	1868... 12,521,630	..	1876... 6,342,795
1861... 5,763,285	..	1869... 11,814,975	..	1877... 7,480,400
1862... 7,955,945	..	1870... 10,787,925	..	1878... 6,200,395
1863... 12,158,615	..	1871... 13,937,600	..	1879... 5,993,205
1864... 9,289,235	..	1872... 8,654,960	..	June 30,
				1880 2,996,000
Total.....				\$183,631,410

## OBITUARY.

THE DEATH OF SIR HUGH ALLAN, who had figured so largely in the shipping, banking, and manufacturing interests of Canada, has created a deep sensation in that country. He was born at Saltcoats, Ayrshire, in 1810, and sailed with his father, a Clyde ship-captain, landing at Montreal in 1826. There he took a book-keepership in the dry goods house of W. Kerr & Co., and in 1838 formed the partnership of Edmonston, Allan & Co. The firm built vessels on

the St. Lawrence. The proposal to establish a line of ocean steamers between the St. Lawrence and Britain to carry the Canadian mails, induced the firm, in 1851, to offer to contract with the Canadian Government for them. But the contract was given to McKeon & McLarty, of Glasgow. This not proving satisfactory, Hugh Allan tried again, and secured the contract for the Montreal Ocean Steamship Company, more familiarly known as the Allan Line, whose first steamships, the *Indian*, *Canadian*, *North American*, and *Anglo-Saxon*, began trans-Atlantic carriage in 1856. The business of the line, whose head and front Sir Hugh was, has increased till it now numbers twenty-two iron steamships, whose tonnage ranges from 1800 to 5000 tons. Mr. Allan had been a director of the Bank of Montreal, whose board he left to take the presidency of the Merchants' Bank, which he was instrumental in founding. For thirty-six years he was president of the Montreal Telegraph Company. Besides these positions he had held the presidency of many others. About ten years ago the honor of Knighthood was conferred upon the deceased, who became Sir Hugh Allan of Ravenscraig, as his handsome residence is named. Sir Hugh Allan was a power in his day, and his ready perception and powerful influence will be missed by many whose habit it was to look for advice to his experience and practical character. He has left behind him a monument of his enterprise and public spirit in the splendid maritime undertaking which bears his name; and has left his impress upon not alone the city of Montreal, but upon the St. Lawrence route and the whole commercial fabric of Canada.

—*Montreal Journal of Commerce.*

**JAMES LAUGHLIN.**—At a special meeting of the First National Bank of Pittsburgh, held December 19, to take action on the death of its President, who had been connected with the bank ever since its foundation, the directors resolved as follows: That we bear testimony that in our personal and business relations with Mr. Laughlin, extending in some instances over thirty years, we have found him a type of the successful American banker, readily grasping the opportunities, difficulties and dangers of extended financial operations; meeting all questions with extraordinary freedom from personal bias or prejudice; keeping pace, even in advancing years, with liberal and progressive principles of finance and business; conciliatory and kind in personal intercourse, yet always just in business relations. That in Mr. Laughlin's more public relations with the interests and progress of Pittsburgh, we feel our citizens will join with us in testimony of his enterprise; his grasp of future possibilities to the advantage of the city; to the high standard of principle that governed his judgment in all matters; to the fact that in banking and the more general business of manufacturing he had a clear perception, and was prompt in decision, and rarely at fault, and thus the strongest of our local authorities and advisers; that he was a man of large benevolence, always ready to extend a helping hand to the needy and unfortunate.

**GEORGE WELLES PERKINS**, President of the Mercantile National Bank of New York, died the 27th of December. He was born in Athens, Penn., in 1843. At the breaking out of the Rebellion, he enlisted in the 5th Pennsylvania Volunteer Regiment, being then a boy of seventeen, and greatly distinguished himself in many battles. At the siege of Petersburg he was appointed Judge Advocate of the Third Division of the Second Army Corps. He was at the battles of Deep Bottom, Poplar Springs, Boydton Road, Hatch's Run and Sailor's Creek. In the latter engagement he was wounded severely in the knee. Three days after receiving his wound, being then only twenty-two years old, he was breveted Colonel of Volunteers. He was mustered out of service on January 29, 1865. Colonel Perkins then returned to his home at Athens and remained there for four years. In 1869 he came to this city. His first business connection here was with the Importers and Traders' National Bank, of which he became Assistant Cashier. In 1873 he was appointed Cashier of the Hanover National Bank, and remained in that position until 1880, when he was elected President of the Mercantile National Bank, which position he held at the time of his death. Mr. Perkins was a member of the Union League Club and of the American Geographical Society.

## DIVIDENDS OF NEW YORK CITY BANKS.

THE CAPITAL, SURPLUS, DIVIDENDS &amp;C., IN EIGHTEEN MONTHS, AND STOCK QUOTATIONS FOR EACH.

[Compiled by GOLD, BARBOUR &amp; SWORDS, Bankers and Brokers, 10 Pine St., New York.]

National Banks.		Capital.	Surplus.	Undivided Profit.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	1881.	1882.	1883.	1884.	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	1909.	1910.	1911.	1912.	1913.	1914.	1915.	1916.	1917.	1918.	1919.	1920.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	1935.	1936.	1937.	1938.	1939.	1940.	1941.	1942.	1943.	1944.	1945.	1946.	1947.	1948.	1949.	1950.	1951.	1952.	1953.	1954.	1955.	1956.	1957.	1958.	1959.	1960.	1961.	1962.	1963.	1964.	1965.	1966.	1967.	1968.	1969.	1970.	1971.	1972.	1973.	1974.	1975.	1976.	1977.	1978.	1979.	1980.	1981.	1982.	1983.	1984.	1985.	1986.	1987.	1988.	1989.	1990.	1991.	1992.	1993.	1994.	1995.	1996.	1997.	1998.	1999.	2000.	2001.	2002.	2003.	2004.	2005.	2006.	2007.	2008.	2009.	2010.	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.	2020.	2021.	2022.	2023.	2024.	2025.	2026.	2027.	2028.	2029.	2030.	2031.	2032.	2033.	2034.	2035.	2036.	2037.	2038.	2039.	2040.	2041.	2042.	2043.	2044.	2045.	2046.	2047.	2048.	2049.	2050.	2051.	2052.	2053.	2054.	2055.	2056.	2057.	2058.	2059.	2060.	2061.	2062.	2063.	2064.	2065.	2066.	2067.	2068.	2069.	2070.	2071.	2072.	2073.	2074.	2075.	2076.	2077.	2078.	2079.	2080.	2081.	2082.	2083.	2084.	2085.	2086.	2087.	2088.	2089.	2090.	2091.	2092.	2093.	2094.	2095.	2096.	2097.	2098.	2099.	2100.	2101.	2102.	2103.	2104.	2105.	2106.	2107.	2108.	2109.	2110.	2111.	2112.	2113.	2114.	2115.	2116.	2117.	2118.	2119.	2120.	2121.	2122.	2123.	2124.	2125.	2126.	2127.	2128.	2129.	2130.	2131.	2132.	2133.	2134.	2135.	2136.	2137.	2138.	2139.	2140.	2141.	2142.	2143.	2144.	2145.	2146.	2147.	2148.	2149.	2150.	2151.	2152.	2153.	2154.	2155.	2156.	2157.	2158.	2159.	2160.	2161.	2162.	2163.	2164.	2165.	2166.	2167.	2168.	2169.	2170.	2171.	2172.	2173.	2174.	2175.	2176.	2177.	2178.	2179.	2180.	2181.	2182.	2183.	2184.	2185.	2186.	2187.	2188.	2189.	2190.	2191.	2192.	2193.	2194.	2195.	2196.	2197.	2198.	2199.	2200.	2201.	2202.	2203.	2204.	2205.	2206.	2207.	2208.	2209.	2210.	2211.	2212.	2213.	2214.	2215.	2216.	2217.	2218.	2219.	2220.	2221.	2222.	2223.	2224.	2225.	2226.	2227.	2228.	2229.	2230.	2231.	2232.	2233.	2234.	2235.	2236.	2237.	2238.	2239.	2240.	2241.	2242.	2243.	2244.	2245.	2246.	2247.	2248.	2249.	2250.	2251.	2252.	2253.	2254.	2255.	2256.	2257.	2258.	2259.	2260.	2261.	2262.	2263.	2264.	2265.	2266.	2267.	2268.	2269.	2270.	2271.	2272.	2273.	2274.	2275.	2276.	2277.	2278.	2279.	2280.	2281.	2282.	2283.	2284.	2285.	2286.	2287.	2288.	2289.	2290.	2291.	2292.	2293.	2294.	2295.	2296.	2297.	2298.	2299.	2300.	2301.	2302.	2303.	2304.	2305.	2306.	2307.	2308.	2309.	2310.	2311.	2312.	2313.	2314.	2315.	2316.	2317.	2318.	2319.	2320.	2321.	2322.	2323.	2324.	2325.	2326.	2327.	2328.	2329.	2330.	2331.	2332.	2333.	2334.	2335.	2336.	2337.	2338.	2339.	2340.	2341.	2342.	2343.	2344.	2345.	2346.	2347.	2348.	2349.	2350.	2351.	2352.	2353.	2354.	2355.	2356.	2357.	2358.	2359.	2360.	2361.	2362.	2363.	2364.	2365.	2366.	2367.	2368.	2369.	2370.	2371.	2372.	2373.	2374.	2375.	2376.	2377.	2378.	2379.	2380.	2381.	2382.	2383.	2384.	2385.	2386.	2387.	2388.	2389.	2390.	2391.	2392.	2393.	2394.	2395.	2396.	2397.	2398.	2399.	2400.	2401.	2402.	2403.	2404.	2405.	2406.	2407.	2408.	2409.	2410.	2411.	2412.	2413.	2414.	2415.	2416.	2417.	2418.	2419.	2420.	2421.	2422.	2423.	2424.	2425.	2426.	2427.	2428.	2429.	2430.	2431.	2432.	2433.	2434.	2435.	2436.	2437.	2438.	2439.	2440.	2441.	2442.	2443.	2444.	2445.	2446.	2447.	2448.	2449.	2450.	2451.	2452.	2453.	2454.	2455.	2456.	2457.	2458.	2459.	2460.	2461.	2462.	2463.	2464.	2465.	2466.	2467.	2468.	2469.	2470.	2471.	2472.	2473.	2474.	2475.	2476.	2477.	2478.	2479.	2480.	2481.	2482.	2483.	2484.	2485.	2486.	2487.	2488.	2489.	2490.	2491.	2492.	2493.	2494.	2495.	2496.	2497.	2498.	2499.	2500.	2501.	2502.	2503.	2504.	2505.	2506.	2507.	2508.	2509.	2510.	2511.	2512.	2513.	2514.	2515.	2516.	2517.	2518.	2519.	2520.	2521.	2522.	2523.	2524.	2525.	2526.	2527.	2528.	2529.	2530.	2531.	2532.	2533.	2534.	2535.	2536.	2537.	2538.	2539.	2540.	2541.	2542.	2543.	2544.	2545.	2546.	2547.	2548.	2549.	2550.	2551.	2552.	2553.	2554.	2555.	2556.	2557.	2558.	2559.	2560.	2561.	2562.	2563.	2564.	2565.	2566.	2567.	2568.	2569.	2570.	2571.	2572.	2573.	2574.	2575.	2576.	2577.	2578.	2579.	2580.	2581.	2582.	2583.	2584.	2585.	2586.	2587.	2588.	2589.	2590.	2591.	2592.	2593.	2594.	2595.	2596.	2597.	2598.	2599.	2600.	2601.	2602.	2603.	2604.	2605.	2606.	2607.	2608.	2609.	2610.	2611.	2612.	2613.	2614.	2615.	2616.	2617.	2618.	2619.	2620.	2621.	2622.	2623.	2624.	2625.	2626.	2627.	2628.	2629.	2630.	2631.	2632.	2633.	2634.	2635.	2636.	2637.	2638.	2639.	2640.	2641.	2642.	2643.	2644.	2645.	2646.	2647.	2648.	2649.	2650.	2651.	2652.	2653.	2654.	2655.	2656.	2657.	2658.	2659.	2660.	2661.	2662.	2663.	2664.	2665.	2666.	2667.	2668.	2669.	2670.	2671.	2672.	2673.	2674.	2675.	2676.	2677.	2678.	2679.	2680.	2681.	2682.	2683.	2684.	2685.	2686.	2687.	2688.	2689.	2690.	2691.	2692.	2693.	2694.	2695.	2696.	2697.	2698.	2699.	2700.	2701.	2702.	2703.	2704.	2705.	2706.	2707.	2708.	2709.	2710.	2711.	2712.	2713.	2714.	2715.	2716.	2717.	2718.	2719.	2720.	2721.	2722.	2723.	2724.	2725.	2726.	2727.	2728.	2729.	2730.	2731.	2732.	2733.	2734.	2735.	2736.	2737.	2738.	2739.	2740.	2741.	2742.	2743.	2744.	2745.	2746.	2747.	2748.	2749.	2750.	2751.	2752.	2753.	2754.	2755.	2756.	2757.	2758.	2759.	2760.	2761.	2762.	2763.	2764.	2765.	2766.	2767.	2768.	2769.	2770.	2771.	2772.	2773.	2774.	2775.	2776.	2777.	2778.	2779.	2780.	2781.	2782.	2783.	2784.	2785.	2786.	2787.	2788.	2789.	2790.	2791.	2792.	2793.	2794.	2795.	2796.	2797.	2798.	2799.	2800.	2801.	2802.	2803.	2804.	2805.	2806.	2807.	2808.	2809.	2810.	2811.	2812.	2813.	2814.	2815.	2816.	2817.	2818.	2819.	2820.	2821.	2822.	2823.	2824.	2825.	2826.	2827.	2828.	2829.	2830.	2831.	2832.	2833.	2834.	2835.	2836.	2837.	2838.	2839.	2840.	2841.	2842.	2843.	2844.	2845.	2846.	2847.	2848.	2849.	2850.	2851.	2852.	2853.	2854.	2855.	2856.	2857.	2858.	2859.	2860.	2861.	2862.	2863.	2864.	2865.	2866.	2867.	2868.	2869.	2870.	2871.	2872.	2873.	2874.	2875.	2876.	2877.	2878.	2879.	2880.	2881.	2882.	2883.	2884.	2885.	2886.	2887.	2888.	2889.	2890.	2891.	2892.	2893.	2894.	2895.	2896.	2897.	2898.	2899.	2900.	2901.	2902.	2903.	2904.	2905.	2906.	2907.	2908.	2909.	2910.	2911.	2912.	2913.	2914.	2915.	2916.	2917.	2918.	2919.	2920.	2921.	2922.	2923.	2924.	2925.	2926.	2927.	2928.	2929.	2930.	2931.	2932.	2933.	2934.	2935.	2936.	2937.	2938.	2939.	2940.	2941.	2942.	2943.	2944.	2945.	2946.	2947.	2948.	2949.	2950.	2951.	2952.	2953.	2954.	2955.	2956.	2957.	2958.	2959.	2960.	2961.	2962.	2963.	2964.	2965.	2966.	2967.	2968.	2969.	2970.	2971.	2972.	2973.	2974.	2975.	2976.	2977.	2978.	2979.	2980.	2981.	2982.	2983.	2984.	2985.	2986.	2987.	2988.	2989.	2990.	2991.	2992.	2993.	2994.	2995.	2996.	2997.	2998.	2999.	3000.
-----------------	--	----------	----------	-------------------	-------	------	-------	------	------	------	------	------	--------	--------	------	-------	-------	------	-------	------	------	------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

## DIVIDENDS OF NEW YORK CITY BANKS—(Continued.)

National Banks.	Capital.	Surplus.	Undivided Profits.												1881.— Qual. for Stock.	1882.— Dec.—1882.	
			July.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	July.			Aug.
National Park Bank.....	\$1,000,000.	\$1,000,000.	\$5,072.4	4	4	4	4	4	4	4	4	4	4	4	4	165	158-160
National Shoe & Leather B'k.....	500,000.	160,000.	65,072.4	4	4	4	4	4	4	4	4	4	4	4	4	128	130-135
New York County Nat'l B'k.....	200,000.	40,000.	13,344.4	4	4	4	4	4	4	4	4	4	4	4	4	101	107
New York Nat'l Exch. B'k.....	300,000.	46,000.	42,863.3	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	115½	125
Ninth National Bank.....	750,000.	150,000.	41,333.3	3	3	3	3	3	3	3	3	3	3	3	3	106½	98
Phoenix National Bank.....	1,000,000.	170,108.	180,590.3	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	120	130 bid.
St. Nicholas National Bank.....	500,000.	150,000.	87,969.3	3	3	3	3	3	3	3	3	3	3	3	3	—	—
Second National Bank.....	300,000.	60,000.	86,186.10	3	3	3	3	3	3	3	3	3	3	3	3	93½	103½
Seventh Ward National B'k.....	300,000.	49,300.	32,630.3	3	3	3	3	3	3	3	3	3	3	3	3	—	—
Third National Bank.....	200,000.	40,000.	16,361.3	3	3	3	3	3	3	3	3	3	3	3	3	110	115
Third National Bank.....	1,000,000.	200,000.	181,683.3	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	102	113-116
Trustee's National Bank.....	1,000,000.	250,000.	88,843.4	3	3	3	3	3	3	3	3	3	3	3	3	155½	158
Union National Bank.....	1,200,000.	300,000.	564,886	5	5	5	5	5	5	5	5	5	5	5	5	143	143 bid.
United States National Bank.....	500,000.	93,566.	54,674.	4	4	4	4	4	4	4	4	4	4	4	4	—	104 bid.
Wall Street National Bank.....	500,000.	61,097.	42,669.	4	4	4	4	4	4	4	4	4	4	4	4	—	—
<b>State Banks.</b>																	
Bank of America.....	3,000,000.	1,572,700.	80,954.3½	4	4	4	4	4	4	4	4	4	4	4	4	155	155
Bank of North America.....	300,000.	—	211,864.3	3	3	3	3	3	3	3	3	3	3	3	3	105	105
Bank of the Metropolis.....	300,000.	—	130,358.3½	5	5	5	5	5	5	5	5	5	5	5	5	175½	176½
Corn Exchange Bank.....	1,000,000.	777,560.	14,953.4	3	3	3	3	3	3	3	3	3	3	3	3	89½	106½
Eleventh Ward Bank.....	100,000.	23,730.	23,730.	3	3	3	3	3	3	3	3	3	3	3	3	—	480
Fifth Avenue Bank.....	100,000.	100,000.	150,764.3	3	3	3	3	3	3	3	3	3	3	3	3	93	95 bid.
German-American Bank.....	750,000.	—	150,764.3	3	3	3	3	3	3	3	3	3	3	3	3	101	123
German Exchange Bank.....	200,000.	100,000.	30,238. May 81, 8 per. cen.	3	3	3	3	3	3	3	3	3	3	3	3	112	110½
Germania Bank.....	200,000.	100,000.	45,320.	3	3	3	3	3	3	3	3	3	3	3	3	135	150½
Greenwich Bank.....	200,000.	—	51,465.	3	3	3	3	3	3	3	3	3	3	3	3	—	100
Madison Square Bank.....	200,000.	—	6,091.	3	3	3	3	3	3	3	3	3	3	3	3	—	100
Manhattan Company Bank.....	2,050,000.	—	1,079,326. 3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	135	150½
Mount Morris Bank.....	100,000.	3,237.	21,717.	6	6	6	6	6	6	6	6	6	6	6	6	—	115
Murray Hill Bank.....	100,000.	75,000.	34,891.6	6	6	6	6	6	6	6	6	6	6	6	6	—	175
Nassau Bank.....	500,000.	101,047.	42,768.	3	3	3	3	3	3	3	3	3	3	3	3	103	125
North River Bank.....	240,000.	52,479.	30,477.3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	100	—
Oriental Bank.....	300,000.	200,000.	29,313.4	4	4	4	4	4	4	4	4	4	4	4	4	149	150
Pacific Bank.....	422,700.	203,712.	49,333. 2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	145 bid.	160
People's Bank.....	200,000.	114,659.	19,206.3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	3½	—	—
Produce Bank.....	125,000.	—	16,531.	5	5	5	5	5	5	5	5	5	5	5	5	—	—
West Side Bank.....	200,000.	121,073.	23,952.	3	3	3	3	3	3	3	3	3	3	3	3	—	—

The capital and surplus above are as reported by the National banks to the Comptroller of the Currency, Oct. 3, 1882; by State banks, Sept. 30, 1882. In the absence of sales for a long time, some of these quotations for stocks are nominal.

## DIVIDENDS OF NEW YORK CITY BANKS.

THE CAPITAL, SURPLUS, DIVIDENDS &amp;C., IN EIGHTEEN MONTHS, AND STOCK QUOTATIONS FOR EACH.

[Compiled by GOLD, BARBOUR &amp; SWORDS, Bankers and Brokers, 10 Pine St., New York.]

National Banks.	Capital.	Surplus.	Undivided			1882.			1881.—Dec.—		
			Profit.	July	Aug.	Sept.	Oct.	Nov.	Quot.	for	Stock.
American Exchange Nat'l B'k	\$5,000,000.	\$1,250,000.	\$525,673.	.	.	.	.	.	3½.	125	125-30
Bank of New York N. B. A.	2,000,000.	600,000.	251,868.	4	.	.	.	.	3½.	147½	147½
Bowery National Bank	250,000.	150,000.	78,764.	5	.	.	.	.	.	135	135
Central National Bank	2,000,000.	265,000.	403,835.	4	.	.	.	.	.	125-128	120½
Chase National Bank	300,000.	200,000.	39,441.	4	.	.	.	.	.	165 bid.	185
Chatham National Bank	450,000.	150,000.	84,517.	3	.	.	.	.	.	120-130	135
Chemical National Bank	300,000.	1,000,000.	2,880,331.	15	.	.	.	.	.	2000 bid.	2105
Continental National Bank	1,000,000.	200,000.	101,920.	3½	.	.	.	.	.	125	125-110
East River National Bank	250,000.	50,000.	47,773.	3½	.	.	.	.	.	109½	110 bid.
Fifth National Bank	150,000.	35,000.	25,967.	3	.	.	.	.	.	109½	110 bid.
First National Bank	500,000.	3,000,000.	273,777.	10	.	.	.	.	.	125½	127
Fourth National Bank	3,200,000.	640,000.	718,419.	4	.	.	.	.	.	130-135	131½
Fulton National Bank	600,000.	300,000.	100,573.	.	.	.	.	.	.	155 bid.	160 bid.
Gallatin National Bank	1,000,000.	300,000.	633,764.	.	.	.	.	.	.	109	109
Garfield National Bank	200,000.	12,000.	—	.	.	.	.	.	.	135 bid.	138½
Hanover National Bank	1,000,000.	350,000.	249,718.	3½	.	.	.	.	.	250	250 bid.
Imp. & Traders' Nat'l Bank	1,500,000.	1,764,431.	745,822.	7	.	.	.	.	.	133	135
Irving National Bank	500,000.	100,000.	98,499.	4	.	.	.	.	.	132½	170 bid.
Leather Manuf. Nat'l Bank	600,000.	400,000.	91,133.	5	.	.	.	.	.	145½	135 bid.
Lincoln National Bank	150,000.	3,163.	9,260.	.	.	.	.	.	.	141½	142½
Marine National Bank	400,000.	100,000.	31,256.	4	.	.	.	.	.	103½	105-110
Mech. & Traders' Nat'l B'k	500,000.	300,000.	72,637.	4	.	.	.	.	.	120	120
Mechanics' National Bank	200,000.	22,000.	34,545.	3	.	.	.	.	.	100	96
Mercantile National Bank	400,000.	400,000.	789,587.	4	.	.	.	.	.	130½	170
Mercants' Exch. Nat'l B'k	1,000,000.	150,000.	129,985.	3	.	.	.	.	.	166	170
Mercants' National Bank	121,100.	121,279.	3	.	.	.	.	.	.	151½	152 bid.
Merchants' National Bank	2,000,000.	400,000.	377,636.	3½	.	.	.	.	.	141	130-140
Metropolitan National Bank	1,400,000.	1,400,000.	1,400,435.	5	.	.	.	.	.	110	130
National Bank of Commerce	5,000,000.	2,000,000.	1,156,933.	4	.	.	.	.	.	243	250
National Bank of the Republic	1,500,000.	500,000.	306,172.	.	.	.	.	.	.	113½	110 bid.
Nat'l Bk. (Now a State B'k)	800,000.	160,000.	358,687.	8	.	.	.	.	.	260	260
Nat'l Bk. of Deposit	1,000,000.	1,000,000.	358,749.	3½	.	.	.	.	.	110	110
Nat'l Butchers' & Druggists' B'k	600,000.	90,342.	118,692.	3½	.	.	.	.	.	113½	110 bid.
National City Bank	1,000,000.	1,000,000.	890,777.	5	.	.	.	.	.	260	260

## DIVIDENDS OF NEW YORK CITY BANKS—(Continued.)

National Banks.		Capital.	Surplus.	Un- divided	Profits.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	1881.—	1882.—
				\$	100,000.	100,000.	100,000.	100,000.	100,000.	100,000.	100,000.	100,000.	100,000.
National Park Bank.....		\$2,000,000.	\$1,000,000.	80,954.	3 1/2.	4	4	4	4	4	4	165	158-160.
National Shoe & Leather B'k.		500,000.	100,000.	65,072.	4	4	4	4	4	4	4	128	130-135
New York County Nat'l B'k.		200,000.	40,000.	13,344.	4	4	4	4	4	4	4	—	—
New York Nat'l Exch. B'k.		300,000.	60,000.	42,863.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	101	107
Ninth National Bank.....		750,000.	150,000.	41,333.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	115 1/2	125
Phenix National Bank.....		1,000,000.	178,168.	120,590.	3	3	3	3	3	3	3	100 1/2	98
St. Nicholas National Bank.....		500,000.	150,000.	87,989.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	120	130 bid.
Second National Bank.....		300,000.	60,000.	86,180.	10	10	10	10	10	10	10	—	—
Seventh National Bank.....		300,000.	49,300.	32,050.	3	3	3	3	3	3	3	93 1/2	103 1/2
Sixth National Bank.....		200,000.	40,000.	16,301.	3	3	3	3	3	3	3	—	—
Third National Bank.....		1,000,000.	200,000.	181,083.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	110	115
Tradesmen's National Bank.....		1,000,000.	250,000.	88,843.	4	4	4	4	4	4	4	102	113-116
Union National Bank.....		1,200,000.	300,000.	560,286.	5	5	5	5	5	5	5	155 1/2	158
United States National Bank.....		1,000,000.	93,566.	54,694.	—	—	—	—	—	—	—	143	104 bid.
Wall Street National Bank.....		500,000.	61,097.	42,069.	—	—	—	—	—	—	—	—	—
State Banks.													
Bank of America.....		3,000,000.	1,572,700.	80,954.	3 1/2.	4	4	4	4	4	4	155	155
Bank of North America.....		700,000.	—	211,860.	3	3	3	3	3	3	3	105	103
Bank of the Metropolis.....		200,000.	130,328.	130,328.	3 1/2.	5	5	5	5	5	5	175 1/2	176 1/2
Corn Exchange Bank.....		1,000,000.	777,590.	141,832.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	89 1/2	100
Eleventh Ward Bank.....		100,000.	—	33,726.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	450	450
Fifth Avenue Bank.....		100,000.	100,000.	246,200.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	93	93 bid.
German-American Bank.....		750,000.	—	160,764.	3	3	3	3	3	3	3	101	125
German Exchange Bank.....		200,000.	100,000.	30,258.	May 31, 8 per. cen.	3	3	3	3	3	3	112	110 1/2
Germania Bank.....		200,000.	100,000.	45,320.	3	3	3	3	3	3	3	135	150 1/2
Greenwich Bank.....		200,000.	—	51,465.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	15	15
Madison Square Bank.....		200,000.	—	6,921.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	175	175
Manhattan Company Bank.....		2,050,000.	—	1,079,236.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	103	125
Mount Morris Bank.....		100,000.	3,237.	21,717.	6	6	6	6	6	6	6	100	150
Murray Hill Bank.....		100,000.	75,000.	34,891.	3	3	3	3	3	3	3	149	160
Nassau Bank.....		500,000.	101,047.	42,708.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	2 1/2	143 bid.
North River Bank.....		200,000.	52,479.	20,477.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	—	—
Oriental Bank.....		300,000.	200,000.	49,313.	4	4	4	4	4	4	4	—	—
Pacific Bank.....		422,700.	203,712.	49,313.	2 1/2.	2 1/2.	2 1/2.	2 1/2.	2 1/2.	2 1/2.	2 1/2.	—	—
People's Bank.....		200,000.	114,659.	19,206.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	3 1/2.	—	—
Produce Bank.....		125,000.	—	16,531.	—	—	—	—	—	—	—	—	—
West Side Bank.....		200,000.	121,073.	23,952.	—	—	—	—	—	—	—	—	—

The capital and surplus above are as reported by the National banks to the Comptroller of the Currency, Oct. 3, 1882; by State banks, Sept. 30, 1882. In the absence of sales for a long time, some of these quotations for stocks are nominal.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from December No., page 477.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2828	Braddock National Bank..... Braddock, PENN.	Robert E. Stewart, John G. Kelly.	\$60,000
2829	Champaign National Bank..... Champaign, ILL.	Edward Bailey, James C. Miller.	50,000
2830	First National Bank..... Canton, DAK.	F. A. Gale, A. C. Eaton.	50,000
2831	First National Bank..... Fostoria, OHIO.	Andrew Emerine, J. C. F. Hull.	50,000
2832	Arkansas National Bank..... Hot Springs, ARK.	John B. Roe, Charles N. Rix.	50,000
2833	Creston National Bank..... Creston, IOWA.	James B. Harsh, Addison V. Scott.	100,000
2834	Roberts National Bank..... Titusville, PENN.	Walter B. Roberts, Erastus T. Roberts.	100,000
2835	Fifth National Bank..... St. Louis, MO.	Henry Overstolz, Theodore Koch.	200,000
2836	First National Bank..... Gainesville, TEXAS.	L. G. Cairns, William Washam.	250,000
2837	Ripley National Bank..... Ripley, OHIO.	John T. Wilson, Washington T. Galbreath.	100,000
2838	National Bank of Sandy Hill, N. Y.	Nelson W. Wait, Charles T. Beach.	50,000
2839	People's National Bank..... Americus, GA.	Samuel H. Hawkins, —	50,000
2840	First National Bank..... Grafton, DAK.	F. T. Walker, John L. Cashel.	50,000
2841	Centerville National Bank..... Centerville, IOWA.	F. M. Drake, W. L. Selby.	60,000
2842	Painesville National Bank..... Painesville, OHIO.	Levi Kerr, C. D. Adams.	200,000
2843	Dakota National Bank..... Sioux Falls, DAK.	Melvin Grigsby, Thomas H. Brown.	50,000
2844	Third National Bank..... Greensburg, IND.	John E. Robbins, Cortez Ewing.	50,000
2845	Adams National Bank..... Adams, N. Y.	Willis A. Waite, G. W. Hannahs.	50,000
2846	Lincoln National Bank..... Boston, MASS.	Joseph Davis, Edmund C. Whitney.	200,000
2847	Alpena National Bank..... Alpena, MICH.	George L. Maltz, John C. Comfort.	100,000
2848	Fremont National Bank..... Fremont, NEB.	Alfred P. Hopkins, Junius Rogers.	75,000

## CHANGES OF PRESIDENT AND CASHIER.

*(Monthly List, continued from December No., page 474.)*

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ARK....	National Bank of Western Arkansas, Fort Smith.	John Vaile, <i>Cas.</i>	J. Ayers.
COL....	Bank of San Juan, Alamosa.	J. L. McNeil, <i>V. P.</i> H. T. Rose, <i>Cas.</i>	..... J. L. McNeil.
DAK....	First National Bank, Huron.	J. W. Smith, <i>Cas.</i> John H. Miller, <i>A. C.</i>	..... J. H. Miller.
ILL....	Nat'l Bank of Ill., Chicago.	George McKay, <i>A. C.</i>	.....
"	Union Stock Yard National Bank, Chicago.	Elmer Washburn, <i>Pr.</i>	J. H. Vermilye.
IOWA...	Citizens' Bank, Davis City.	L. P. Sigler, <i>Pr.</i>	D. Stearns.
"	First National Bank, Fairfield.	S. M. Bickford, <i>V. P.</i>	C. W. Slagle.*
"	Garden Grove Bank.	L. P. Sigler, <i>Pr.</i>	D. Stearns.
"	Farmers and Traders' Bank, Leon.	L. P. Sigler, <i>Pr.</i>	D. Stearns.
"	Bank of Weldon.	C. E. Gardner, <i>Cas.</i> L. P. Sigler, <i>Pr.</i>	L. P. Sigler. D. Stearns.
KY....	Farmers' Bank, Georgetown.	George V. Payne, <i>Pr.</i>	J. F. Robinson.*
MAINE..	Phillips Savings Bank, Phillips.	J. H. Byron, <i>Pr.</i> Z. V. Carvill, <i>Tr.</i>	W. F. Fuller. E. Field.
MASS...	Boston Penny Savings Bank.	George W. Pope, <i>Pr.</i>	E. Howes.
"	Haverhill National Bank, Haverhill.	James E. Gale, <i>Pr.</i> Charles T. Paul, <i>Cas.</i>	J. A. Appleton.* J. E. Gale.
MICH...	First National Bank, Quincy.	J. W. McCauley, <i>Cas.</i>	C. R. Hannan.
MINN...	First Nat'l Bank, Crookston.	George Q. Erskine, <i>Pr.</i>	R. H. Baker.*
"	First National Bank, Stillwater.	K. D. Chase, <i>V. P.</i> Frank M. Prince, <i>A. C.</i>	..... .....
"	Merchants' National Bank, St. Paul.	W. R. Merriam, <i>V. P.</i> F. A. Seymour, <i>Cas.</i> George C. Power, <i>A. C.</i>	W. Mann. W. R. Merriam. .....
MO....	Laclede Bank, St. Louis.	H. B. Schuler, <i>Cas.</i>	E. A. Meyenburg.
N. H....	Bristol Savings Bank, Bristol.	Lewis W. Fling, <i>Pr.</i>	.....
N. J....	Middlesex County Bank, Perth Amboy.	U. B. Watson, <i>Pr.</i>	W. Hall.
"	Mechanics' Nat'l B'k, Trenton.	D. P. Forst, <i>V. P.</i>	.....
"	First Nat'l Bank, Woodstown.	Sam'l H. Weatherby, <i>Pr.</i>	E. R. Bullock.
N. Y....	Keeseville National Bank.	Charles M. Hopkins, <i>Cas.</i>	G. H. Cleaves.
OHIO...	Farmers and Merchants' Nat'l Bank, Uhrichsville.	Emmet W. Uhrich, <i>Cas.</i>	C. S. Johnson.
PENN...	The Saltsburg B'k, Saltsburg.	W. M. Stewart, <i>Pr.</i>	W. I. Sterrett.
"	National Bank of Chester County, West Chester.	P. F. Whithead, <i>A. C.</i>	.....
TENN..	First National Bank, Nashville.	James C. Warner, <i>V. P.</i>	S. J. Keith.
"	Fourth Nat'l Bank, ".	Samuel J. Keith, <i>Pr.</i>	J. Whitworth.
VA....	Bank of Abingdon.	George W. Palmer, <i>Pr.</i>	D. G. Thomas.
WIS....	Second Ward Savings Bank, Milwaukee.	Charles C. Schmidt, <i>Cas.</i> Henry Bielfeld, <i>A. C.</i>	W. H. Jacobs.* C. C. Schmidt.

\* Deceased.



## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from December No., page 476.)*

NEW YORK CITY.....	National Bank of the State of New York; now Bank of the State of New York. Same officers and capital
"    "    "    .....	St. Nicholas National Bank; now St. Nicholas Bank. Same officers and capital.
"    "    "    .....	Buttrick & Elliman; suspended.
"    "    "    .....	Groot & Chapman; dissolved.
ARK.... Hot Springs..	Hot Springs Bank and Safe Deposit Co.; now Arkansas National Bank. Same management. \$50,000.
CAL.... Greenville.....	E. Prowattain & Co.; failed.
"    "    Santa Ana.....	Commercial Bank; paid capital increased to \$50,000.
COL.... Breckenridge...	Bank of Breckenridge; suspended and assigned.
"    "    Leadville.....	City Bank; paid capital, \$100,000.
DAKOTA Ashton .....	C. B. Billinghamurst; now Billinghamurst & Marsh.
"    "    Canton.....	Gale & Ward; succeeded by First National Bank. \$50,000.
"    "    "    .....	F. A. Gale, <i>Pr.</i> A. C. Eaton, <i>Cas.</i>
"    "    Grafton.....	Walsh County Bank (F. T. Walker & Son); now First National Bank. Same management. \$50,000.
ILL.... Champaign...	Bailey, Maxwell & Miller; succeeded by Champaign National Bank. \$50,000. Edward Bailey, <i>Pr.</i> James C. Miller, <i>Cas.</i>
"    "    Gibson.....	Moses F. Burwell; reported assigned.
"    "    Marseilles.....	Jackson & Co.; closed.
"    "    Seneca.....	A. F. Jackson & Co.; closed. Succeeded by Hamilton, Holderman & Co.
IND.... Crawfordsville.	Elston & Son; now Elston & Co.
IOWA... Bayard.....	Bank of Bayard; assigned.
"    "    Centerville.....	Appanoose County Bank; now Centerville National Bank. Same officers. \$60,000.
"    "    Creston.....	J. B. Harsh & Co.; succeeded by Creston National Bank. J. B. Harsh, <i>Pr.</i> Addison V. Scott, <i>Cas.</i> \$100,000.
"    "    Primghar.....	Exchange Bank (George W. Schee); sold out.
MICH... Detroit.....	Second National Bank (116); now Detroit National Bank. Same officers and capital.
"    "    Alpena.....	Exchange Bank; now Alpena National Bank. \$100,000. Same management.
"    "    St. Johns.....	Shaver & Grisson; now Alvin Shaver.
MINN... St. Louis.....	Tenth Ward Savings Bank; now Fifth National Bank. \$200,000. Same officers.
NEB... Fremont .....	Hopkins & Millard; succeeded by Fremont National Bank. \$75,000. A. P. Hopkins, <i>Pr.</i> L. M. Keene, <i>V. P.</i> Junius Rogers, <i>Cas.</i>
"    "    Hebron.....	Exchange Bank (W. J. Thompson); now W. J. Thompson & Co.
"    "    West Point....	Uriah Bruner; succeeded by Stephenson & Stuefer (West Point Bank).
N. M... Silver City.....	Porter & Crawford; now C. P. Crawford.
N. Y... Auburn.....	Watson & Neyhart; now Watson, Cox & Co.
"    "    Rochester.....	City Bank; failed.
"    "    Sandy Hill.....	First National Bank (184); now National Bank of Sandy Hill (2838). Same officers and capital.
"    "    Victor.....	W. C. Moore; suspended.
"    "    Wellsville.....	Hoyt & Lewis; succeeded by First National Bank.
OHIO... Columbus.....	Bank of Commerce; merged in Fourth National Bank.
"    "    Dresden.....	C. E. Eaton; assigned.
"    "    Jefferson.....	Second National Bank; suspended.
"    "    Painesville.....	First National Bank (220); now Painesville National Bank (2842). Same officers and capital.
"    "    Ripley.....	First National Bank (289); now Ripley National Bank (2837). Same officers and capital.

PENN...	Braddock.....	Braddock Trust Co.; now Braddock National Bank. Same management and capital.
" ..	Titusville.....	W. B. Roberts & Son; now Roberts National Bank. \$ 100,000. Same management.
R. I....	Providence.....	Peirce & Salisbury; now D. A. Peirce.
" ..	Pascoag.....	Pascoag Savings Bank; insolvent.
TEXAS..	Gainesville.....	Putman, Chambers & Co.; merged in Gainesville National Bank.
" ..	Marshall.....	E. J. Fry; sold to Garrett & Key.
WIS....	Madison .....	State Bank; capital increased to \$ 100,000.
N. S....	Halifax.....	J. S. Macdonald & Co.; failed and assigned.
MAN....	Rapid City.....	McLaren, Arnold & Co.; now C. E. Arnold & Co.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 475.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
DAKOTA	Grand Forks...	Bank of North Dakota ...	Imp. & Tra. National Bank. (Doyon & Clarke.)
" ..	Parker.....	Citizens' Bank.....	Opdyke & Co.
" ..	Sioux Falls....	Dakota National Bank... \$ 50,000	C. S. Fletcher, <i>Pr.</i> D. S. Crain, <i>Cas.</i>
" ..	Sioux Falls....	Melvin Grigsby, <i>Pr.</i>	Thomas H. Brown, <i>Cas.</i>
" ..	Sioux Falls....	Sioux Falls National Bank	Am. Exch. National Bank.
" ..	Spear Fish....	Chas. E. McKinney, <i>Pr.</i>	Charles L. Norton, <i>Cas.</i>
" ..	Stebbins, Fox & Co.....	Donnell, Lawson & Simpson.	
D. C....	Washington...	Bell & Co.....	National Park Bank.
GA....	Americus.....	Peoples' National Bank..	National Park Bank.
" ..	\$ 50,000	Sam'l H. Hawkins, <i>Pr.</i>	H. C. Bagley, <i>Cas.</i>
ILL....	Byron.....	Byron B'k (D. S. Brown.)	First National Bank, <i>Chic.</i>
MASS...	Boston.....	Lincoln National Bank...	
" ..	" ..	Joseph Davis, <i>Pr.</i>	Edmund C. Whitney, <i>Cas.</i>
MINN...	St. Paul.....	Peabody & Hegeman.....	John J. Cisco & Son.
" ..	" ..	People's Bank.....	Northwestern Nat. B'k, <i>Chic.</i>
" ..	" ..	W. J. Macaulay, <i>Pr.</i>	C. E. Rittenhouse, <i>Cas.</i>
MO....	Greenfield.....	Dade County Bank.....	Donnell, Lawson & Simpson.
" ..	Montrose.....	H. S. Marvin & Co.....	John A. Brady <i>Cas.</i>
" ..	" ..	Donnell, Lawson & Simpson.	
NEB....	Osceola.....	Bank of Polk County....	Imp. & Tra. National Bank. (H. T. Arnold.)
" ..	Phelps.....	Farmers & Merch. Bank.	Chemical National Bank. (R. T. McGrew & Co.)
N. Y....	Arcade.....	Citizens' Bank.....	Ninth National Bank.
" ..	Niagara Falls..	J. D. Case, <i>Pr.</i>	J. D. Colborn, <i>Cas.</i>
" ..	\$ 50,000	Bank of Niagara.....	Manhattan Comp. Bank.
" ..	" ..	H. C. Howard, <i>Pr.</i>	E. J. Mackenna, <i>Cas.</i>
OHIO..	Fostoria.....	First National Bank.....	Chase National Bank.
" ..	\$ 50,000	Andrew Emerine, <i>Pr.</i>	J. C. F. Hull, <i>Cas.</i>
" ..	Fremont.....	Farmers' Bank.....	Lincoln National Bank.
" ..	" ..	L. Wideman, <i>Pr.</i>	J. C. Wideman, <i>Cas.</i>
" ..	Milan.....	Milan Banking Co.....	First National Bank.
" ..	\$ 50,000	L. C. Lockwood, <i>Pr.</i>	L. L. Stoddard, <i>Cas.</i>
TEXAS..	Gainesville ....	First National Bank.....	National Park Bank.
" ..	\$ 250,000	L. G. Cairns, <i>Pr.</i>	William Washam, <i>Cas.</i>
" ..	Hillsboro.....	Hill County Bank (C. E. Phillips.)	Ninth National Bank.
UTAH ..	Logan.....	Thatcher Bros. & Co.....	Deseret Nat'l B'k, Salt Lake City.
VA....	Franklin.....	Bank of Franklin.....	
" ..	\$ 5,000	John Pretlow, Jr., <i>Pr.</i>	J. Urquhart, <i>Cas.</i>

## NOTES ON THE MONEY MARKET.

NEW YORK, DECEMBER 30, 1882.

*Exchange on London at sixty days' sight, 4.81.*

During the month the money market has worked into a very easy condition, and there is more money in New York than there has been at the corresponding period for several years. The high rates that prevailed for a time doubtless attracted money to this point, while the dullness of the speculative market leaves a large amount for the use of lenders other than speculators.

An entirely unexpected financial crash was the failure of the City Bank of Rochester. The President was drawn into the maelstrom of oil speculation, and in a single day ruined both himself and his bank. Entire confidence had been put in his honesty and capacity, and the management of the bank was essentially given to him. It is said that on the fatal day he sent a telegram to sell his oil stock, which was delayed nine hours in consequence of a storm that prevented the working of the wires, and during that time the stock declined so far as to ruin him. Another loss, though not so large, has befallen a bank in Ohio, from speculation on the part of one of its officers.

Thus the evidence accumulates daily of the dreadful evils resulting from speculation. Of all classes of men bank officers should be the last to engage in it, because of the relation they sustain in a business way to others. If unsuccessful in their ventures the temptation is great to take the money of others lying before them and try again. Too often is the story repeated of their doing this. Has not the time come for stockholders to insist that the managers of their property and those under them shall not engage in speculation? Certainly such officers and clerks should be paid enough to live in a manner befitting their station without resorting to other sources to gain a livelihood; and they should be required to devote themselves to their business and let other matters alone, at least, every kind of business of a gambling nature. We all know that speculation unfits men for other pursuits. Clerks and higher officers become inefficient, mistakes and losses occur, and finally is heard the dismal story of one of these speculating clerks, cashiers or presidents helping himself to the funds of a bank in the spirit of the card gambler to try his luck once more in the hope of recovering the money lost. Have not banks lost enough to awaken them to the necessity of getting conservative and prudent men as managers who will neither engage in the perilous business of speculation nor allow those under them to engage in it?

The settlement of the Northwestern railroad war has brought relief to many, but the losses occasioned by it, the depreciation in the stocks of the railroads affected by it, the little cause for the conflict in the beginning—all these things have produced an unpleasant effect in the minds of thousands of investors in railroad securities. If the managers of those railroads are competent and faithful, why did they not reach an agreement earlier, why was it necessary for them to waste a vast sum of money before coming to their senses? They reached a settlement very quickly after a time, but one cannot discover why they should have permitted their respective railroads to lose so

much before making peace. Such management is exceedingly costly, this is the very least that can be said of it; if the managers were prolonging the warfare to benefit themselves at the expense of their roads, as many believe, so much the worse. In any event, as in the countries of Europe, war among railroads now-a-days seems always imminent, and railroad wars mean heavy losses to the owners of stocks except the managers, whoever else may gain.

The tariff question just now is an important subject to many interests. The reduction of the duties on tobacco is the most serious. It has caused no inconsiderable uncertainty regarding the future of the business, though Congress has already done something to relieve it in case a reduction should be made. The report of the Tariff Commission has been received with a great deal of favor, but the Committee on Ways and Means have not shown the same wisdom in dealing with it as the Finance Committee of the Senate. It is evidently the intention of Congress to enact a law of some kind, although the time is short for doing it. The new bill will consist of reductions in the rates, but their effect on the revenue it is not easy to predict.

Notwithstanding the present and prospective ease of the money market in the United States, in Canada there is a notable tendency in the opposite direction. Several causes are assigned for this state of things. The *Montreal Journal of Commerce* states that "a large amount of money has been locked up in buildings and plant for the manufactures that have been recently established. A still larger amount has been expended in the Northwest, where towns and cities have sprung into existence with unprecedented rapidity. It is believed that a good deal of the money invested, especially in the Northwest, has been brought from England, but there must likewise have been a considerable absorption of Canadian capital." To these causes others are added, accounting for the stringency which is there felt. The farmers have been slow in bringing their wheat to market, but the *Journal* adds that when the sleighing is good the farmers will doubtless sell their grain more freely, and that the foreign capital needed to complete the railroads in process of construction will probably be obtained.

The following statement of the Comptroller shows the amount of National-bank notes and legal-tender notes outstanding at the dates specified. National-bank notes outstanding June 20, 1874, \$349,894,182; January 14, 1875, \$351,861,450; May 31, 1878, \$322,555,965; January 1, 1883, \$361,921,460. In the last amount, however, is not included the circulation of the National gold banks which is \$729,709. The increase last month was \$129,291, and the increase during last year was only \$437,856. The legal-tender notes outstanding June 20, 1874, was \$382,000,000; the amount retired under the Act of January 14, 1875, to May 31, 1878, was \$35,318,984; outstanding since that date \$346,681,016; the amount on deposit with the United States Treasurer, to redeem notes of insolvent and liquidating banks and those retiring their circulation under the Act of June 20, 1874, was \$39,940,815. Increase in deposit last month \$1,550,401, increase during 1882 \$10,404,873.

The reports of the New York Clearing-house banks compare as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Dec. 2...	\$305,473,500	\$52,179,800	\$19,109,000	\$279,234,900	\$18,557,600	\$1,480,075
" 9...	304,204,400	56,319,600	19,414,600	282,523,800	18,383,100	5,103,250
" 16...	307,143,800	57,856,500	20,326,500	288,412,800	18,059,100	6,079,925
" 23...	309,774,400	59,148,900	18,835,500	290,848,900	18,163,100	5,272,175

The Boston bank statement for the past five weeks is as follows :

1882.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 2 .....	\$148,079,300	\$5,834,400	\$4,066,300	\$90,049,500	\$30,137,700
" 9 .....	148,146,900	5,846,600	4,419,900	91,230,900	30,169,000
" 16 .....	148,183,000	5,773,800	4,446,600	90,940,300	30,161,600
" 23 .....	147,838,600	5,981,700	4,628,500	91,153,800	30,022,300

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1882.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 2 .....	\$74,070,693	\$16,266,082	\$64,621,611	\$9,722,530
" 9 .....	73,577,152	16,243,089	63,076,151	9,738,491
" 16 .....	73,080,196	16,679,155	63,896,700	9,790,600
" 23 .....	72,444,817	16,986,824	62,907,668	9,797,266

We append the usual quotations of leading stocks for the month :

QUOTATIONS :	Dec. 8.	Dec. 14.	Dec. 22.	Dec. 30.
U. S. 5s, 1881, Coup...	102 $\frac{3}{8}$ ..	103 $\frac{3}{8}$ ..	103 $\frac{3}{8}$ ..	103 $\frac{3}{8}$
U. S. 4 $\frac{1}{4}$ s, 1891, Coup.	113 $\frac{3}{4}$ ..	113 $\frac{3}{4}$ ..	113 ..	113
U. S. 4s, 1907, Coup...	120 $\frac{1}{2}$ ..	120 $\frac{3}{8}$ ..	120 $\frac{3}{8}$ ..	120 $\frac{1}{4}$
West. Union Tel. Co.	81 $\frac{3}{8}$ ..	83 $\frac{1}{2}$ ..	81 $\frac{3}{8}$ ..	81 $\frac{1}{2}$
N. Y. C. & Hudson R.	130 $\frac{1}{2}$ ..	133 $\frac{3}{4}$ ..	129 $\frac{1}{2}$ ..	125 $\frac{3}{4}$
Lake Shore .....	115 $\frac{1}{2}$ ..	117 $\frac{1}{2}$ ..	117 $\frac{1}{2}$ ..	112 $\frac{3}{4}$
Chicago & Rock Island	128 ..	130 ..	128 $\frac{1}{2}$ ..	125 $\frac{1}{2}$
New Jersey Central...	70 $\frac{1}{4}$ ..	72 $\frac{1}{4}$ ..	71 $\frac{1}{4}$ ..	69 $\frac{3}{4}$
Del., Lack. & West....	126 ..	129 $\frac{3}{8}$ ..	130 $\frac{3}{8}$ ..	128
Delaware & Hudson..	107 ..	109 $\frac{3}{4}$ ..	108 ..	108
Reading .....	51 $\frac{1}{2}$ ..	53 $\frac{1}{4}$ ..	54 $\frac{1}{4}$ ..	53 $\frac{1}{4}$
North Western .....	132 $\frac{3}{8}$ ..	138 $\frac{3}{4}$ ..	138 $\frac{3}{4}$ ..	134 $\frac{3}{4}$
Pacific Mail .....	35 $\frac{3}{4}$ ..	41 $\frac{3}{4}$ ..	42 $\frac{1}{2}$ ..	41 $\frac{1}{2}$
Erie .....	36 $\frac{3}{4}$ ..	39 $\frac{1}{4}$ ..	31 $\frac{3}{4}$ ..	38 $\frac{3}{4}$
Discounts .....	6 @ 6 $\frac{1}{2}$ ..	6 @ 6 $\frac{1}{2}$ ..	6 @ 6 $\frac{1}{2}$ ..	6 @ 6 $\frac{1}{2}$
Call Loans .....	4 @ 6 ..	3 @ 5 ..	5 @ 8 ..	5 @ 7
Bills on London .....	4.80 $\frac{1}{2}$ @ 4.84 $\frac{1}{2}$ ..	4.81 $\frac{1}{2}$ @ 4.85 $\frac{1}{2}$ ..	4.80 $\frac{1}{2}$ @ 4.84 $\frac{1}{2}$ ..	4.81 @ 4.85
Treasury balances, coin	\$106,835,519 ..	\$113,524,975 ..	\$114,142,891 ..	\$115,140,605
Do. do. cur.	\$4,632,947 ..	\$4,890,352 ..	\$5,117,377 ..	\$5,136,201

## DEATHS.

**BUFFUM.**—On December 29, aged sixty-two years, **DAVID H. BUFFUM**, President of the Great Falls National Bank, Great Falls, N. H.

**DEXTER.**—On December 5, aged thirty-nine years, **C. H. DEXTER**, of Brunswick, Ga.

**HOOPER.**—On December 30, aged seventy years, **WILLIAM H. HOOPER**, President of the Deseret National Bank of Salt Lake City, Utah.

**LAUGHLIN.**—On December 18, aged seventy-six years, **JAMES LAUGHLIN**, President of the First National Bank of Pittsburgh, Pa.

**MORRIS.**—On December 22, aged seventy years, **JOHN SAURIN MORRIS**, President of the First National Bank of Baltimore, Md.

**POST.**—On December 20, aged seventy-two years, **ALFRED POST**, President of the Highland National Bank of Newburgh, N. Y.

**ROBINSON.**—On October 31, aged eighty-three years, **JAMES F. ROBINSON**, President of the Farmers' Bank of Kentucky, at Georgetown, Ky.

**SLAGLE.**—On October 3, aged sixty-one years, **CHRISTIAN W. SLAGLE**, Vice-President of the First National Bank of Fairfield, Iowa.

THE  
BANKER'S MAGAZINE  
AND  
Statistical Register.

---

VOLUME XXXVII.

FEBRUARY, 1883.

No. 8.

---

BANKS AND A STOCK CLEARING HOUSE.

The need of a system for clearing stocks in New York has long been admitted, yet the members of the New York Stock Exchange have been unwilling to adopt any plan which has been proposed. There are several reasons and influences which operate against changing the present order. The reason generally given is that any kind of Stock Clearing House will prove a mirror reflecting the plans of the members. It is contended that by no device can these be so skillfully concealed as they are at present. Hence, notwithstanding the clumsy methods now in operation it is thought best to continue them rather than encounter the evils which are likely to flow from a Stock Clearing-house system.

Another objection is the unwillingness to get out of the old ways of doing business. To change, always requires some work and study, which not every one is willing to perform. Brokers know how to manage the present machinery, and though acknowledging that it does not run perfectly, they think on the whole it will be easier for them to continue using it than to throw it away and adopt something different.

There are a few banks, too, which are opposed to any Clearing house plan, because it will affect their business. At present, these banks certify checks to an enormous amount, which are used in paying for stocks. This practice has been declared illegal under the National-banking law, and in order to continue the business of certifying several banks have abandoned the National system and returned to the State system previously existing. The brokers, it is said, whose checks are thus certified are expected to keep a

deposit averaging about twenty per cent. of the amount certified. This sum, of course, the bank loans, and the interest thereon is the profit for certifying. Several banks have found this a very profitable business, and naturally they do not wish to see any system established whereby their profits will be lessened.

Happily, this practice of certifying is confined to a very few institutions. The banks which do it claim they have never lost much, but that does not alter the fact that the business itself is essentially one of insurance and not of banking. In consideration of receiving a certain amount of deposits a few banks insure the solvency of the drawers of checks who make such deposits. The banks do not pretend that the drawers have deposits equal in amount to the checks certified. The business, therefore, which they do is really an insurance business, and like every kind of insurance involves heavy risks.

But these banks say, we have never lost much, and it is safe enough. Several replies may be made to this assertion. In the first place banks do lose from certifying. Still, the losses do not equal the gains, otherwise it would not be continued. But like every other insurance business there is always danger of a Chicago or Boston fire, and no one can tell when it will occur. When it does the loss will be tremendous, and the banks will then learn, when it is too late, that certifying does not pay.

One very strong reason why banks should not undertake such an insurance business is that many of their stockholders and depositors do not understand what the bank managers are doing. In the case of an ordinary insurance company those persons who own stock in it understand perfectly what the business is, and, therefore, when heavy losses come they are attended with no surprises. But it is certainly a safe statement to make that many depositors and stockholders in the certifying banks are entirely unaware how their officers have transformed them into credit-insurance societies. If this fact were well known and understood by all who are involved in the risk of certifying, the business would be very different from what it now is. We can discover no reason why the insuring of credit is not just as legitimate a business as insuring against fire or disease, properly conducted. But so long as these certifying banks are conducting a credit insuring business, without giving their stockholders and all others who are interested in it the fullest information concerning the nature of the business and the risks involved, a palpable wrong is committed.

Now, one of the objects of establishing a stock exchange is, to put an end to this business of credit insuring, and if a system of clearing can be established that will remove it, a great danger will be swept away. If those who buy and sell stocks were to meet daily and simply pay money for the balances due, it will be

readily seen how the element of credit would be eliminated, and how much more safety there would be in stock transactions.

Can any plan be devised for doing this? Two plans have been considered of late, one of which the stock brokers of New York are making some effort to put into operation. The synopsis of the other plan, devised by J. C. Uhler, we shall lay before our readers:

First: It effects a clearing of the *cash*, the equivalent of, the consideration given for, all the stocks bought and sold by each broker during the day, by the passing of one check to or from the Clearing House, as the case may be. For instance, A having bought 2500 shares for a sum total of \$221,800, and the same day sold 2100 shares for a sum total of \$207,500, gives his certified check to the Clearing House for the difference, \$14,300, and thus settles the whole day's business of, perhaps, forty transactions and \$429,300. Reversing that order, he would *receive* the check of the Clearing House for \$14,300.

Second: It effects the clearing of the certificates for shares by delivery to and receipt from the common agent of all the brokers, the Clearing House. If the transactions are all in the shares of the same company, the difference of 400 shares in the example given, is received in one lot. But if the transactions are in shares of ten different companies, A will deliver say 600 shares in four different companies, and receive 1000 shares in, say six other companies. By the system, which we will call the European, A is obliged to deliver the 600 shares to four different offices and receive as many checks. These checks are not drawn for the amount for which the stock was actually sold, but at a certain average price, which is made up under prescribed rules and notification thereof sent to each member. Now it rarely happens that stock is bought or sold at an average price, consequently the transaction will leave an unsettled balance or difference which requires an additional operation to adjust. At the same time six other parties will deliver to A the 1000 shares due to him, for which he will have to pay in six separate checks. As these checks must also be drawn at an average price, the same subsequent adjustment must take place. The settlement of these differences may be made by and between the two parties to each transaction, or through the Clearing House; but in either case, it is apparent that it is much more complicated and laborious than the settlement of the whole business by a single check.

Third: It is designed to be a part of the Stock Exchange itself, and operated by it in conformity with its long-established methods, and without any disturbance of its present rules whatever. In this respect it does not differ from the European systems, which have been the outgrowth of their necessities under *their* rules and methods of business, to which their systems conform. A reference to these rules shows how unfamiliar their methods are to us. But the clearing must work in harmony with the Exchange, and *vice versa*. The bearings must fit the axle, or the machine will come to grief. Besides, the Clearing House must have the means of enforcing its laws, and that can be done only by the authority of the Exchange.

Fourth: It affords the same facilities in making loans of stocks and money that it does in adjusting purchases and sales.

Fifth: It furnishes the means to avoid revealing the actual transactions of a member.



Sixth: But the essence of the plan is the manner of making up the Clearing-house sheet and the adjustment. This is practically done in the offices of the brokers. The Clearing-house clerks have no transcripts to make, and therefore can make no errors. Time is limited in the Clearing House, and more valuable than elsewhere, and errors there effectually clog the wheels of the business until they have been found. The receipt and delivery of the stocks and money is merely mechanical, after it has been determined from and to whom, and in what proportions they are to be so received and delivered.

Seventh: It makes a daily settlement; and it will adjust the difference in two hundred different stocks for one thousand different accounts in the same time that it will half the number, or, in other words, is capable of expansion to any reasonable extent—by classification of the one and subdivision of the other.

Mr. Uhler has evidently made a very careful study of the subject, and his plan is worthy the consideration of those for whom it is especially designed. It appears to be simple and practicable; one thing is certain, the need of adopting a system of some kind is evident, whereby the business of credit insuring shall be no longer performed by the banks. If it is to be continued, it should be done by institutions created for that purpose and not by the banks which were organized for a very different purpose. Credit insuring is not banking, and the sooner a Stock Clearing House is created, whereby an end will be put to it, the better.

---

### TENNESSEE'S UNREASONABLE INDIGNATION.

For several years Tennessee has been marching in the ignoble army of repudiators. True, there was no adequate reason for her doing so, nor has she shown any shame in being in such company. The obligations of the State are small in amount, she is rich and can easily pay them if she chooses, and they were honestly contracted. The debts of many of the Southern States, which have been repudiated, were contracted by carpet-baggers; the people did not receive an equivalent for the obligations incurred; in short, many of those debts thus hastily contracted were swindles, and in more than one case the parties who negotiated the bonds well understood their fraudulent nature. But the debt of Tennessee was contracted before the war, while the Government was regularly organized, the people received all the money represented by the existing obligations, and there is, therefore, no possible excuse or justification for the State to refuse payment of the just demands of the bondholders.

For several years, however, the spirit of repudiation has poisoned the air of the State, and the bondholders have been unable to get either principal or interest. Among those who have ardently

defended this course was the State Treasurer, Mr. Polk, who has so recently distinguished himself in a manner somewhat surprising to many of the good people of that State. But there is no rational ground for surprise in his conduct. If the State is justified in not paying its honest debts, why cannot the argument be just as fairly applied by those who owe money to the State? Take the case of a State bondholder, for example. Tennessee owes him a thousand dollars. Suppose he should say to the officers of the State, you owe me a thousand dollars, why should I pay my tax until you pay me? Isn't it a little hard to collect a tax of him and not pay his bill? This is what people think in their dealings with one another. Quite generally, too, where there are mutual debts and credits, and one party ceases to pay, the other stops also. In this way the delinquent is often brought to terms.

Tennessee may mourn over Mr. Polk's robbery, but there is no reason for mourning. He has simply applied the principle to the State which she has been applying to others. She has been robbing her creditors because she had the power; Mr. Polk in turn has robbed the State, because he was able to put his hand into the Treasury and take money therefrom. This is no occasion for showing any sympathy with anybody in Tennessee except those who are opposed to her policy of repudiation, and who would have the State do right if they had the power. For the repudiators, this somewhat unexpected application of their doctrine ought to serve as a lesson, that repudiation from any point of view is a very dangerous, corrupt and demoralizing business, and that it is only a matter of time when Polks, in a repudiating community, will appear wherever there is a chance to apply the doctrine. Polk's act is the legitimate fruit of repudiation, which certainly is no surprise to those who have studied the history of repudiation in whatever age or country it has manifested itself.

---

## BUSINESS FAILURES OF 1882.

The following table, compiled by R. G. Dun & Co., of New York, of the business failures last year, is highly suggestive, though by no means cheerful reading. The magnitude of these statistics will, doubtless, surprise many, and will lead them to ask why losses so enormous have not caused more extended suffering. For, it will not be denied that, after all, the country is in a fair way, and business is improving. Some failures have a more extended effect than others, and the conclusion may be rightly drawn from studying the figures here given, that many of last year's failures injuriously affected only a few persons comparatively, and who in many cases were able to bear them.

Number in business.	States and Territories.	1882.		1881.		1880.		1879.		1878.		1877.		
		No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	
EASTERN STATES.														
12,794	Maine.....	61	942,014	76	442,708	73	687,230	87	796,600	170	1,406,200	149	2,037,400	
7,639	New Hampshire.....	54	395,045	51	332,404	32	251,684	62	417,748	111	854,739	70	762,728	
6,607	Vermont.....	39	147,348	22	155,000	32	251,745	63	359,736	113	1,843,350	96	738,269	
41,660	Massachusetts.....	327	2,888,161	319	3,856,795	223	1,385,554	335	4,320,592	604	12,707,645	480	6,959,054	
	Boston City.....	107	6,064,450	97	3,856,450	106	1,951,400	170	3,613,200	325	11,279,523	130	6,409,300	
5,668	Rhode Island.....	96	2,155,419	77	1,612,011	79	938,707	95	3,094,562	130	2,521,981	114	3,599,007	
14,411	Connecticut.....	88	898,963	130	836,788	178	1,073,817	158	1,474,844	281	4,680,588	314	5,821,649	
83,689	Total Eastern States.....	772	13,491,400	772	11,071,156	723	6,460,117	970	15,577,282	1,734	35,294,026	1,353	26,088,007	
MIDDLE STATES.														
79,432	New York.....	444	7,144,217	429	4,851,074	461	5,617,766	785	8,389,378	969	15,791,084	1,012	15,994,846	
39,548	New Jersey.....	113	1,571,998	77	4,530,340	89	984,550	143	1,201,086	168	4,250,731	865	32,490,974	
67,586	Pennsylvania.....	431	5,555,815	250	1,853,532	291	2,943,502	532	8,242,649	770	18,714,270	632	15,340,795	
19,215	Philadelphia City.....	109	4,005,887	134	4,341,787	131	3,842,222	189	3,086,116	257	10,373,700	175	4,946,443	
3,598	Delaware.....	12	79,400	7	73,200	18	127,400	24	186,137	23	261,500	15	193,000	
13,500	Maryland.....	86	1,261,140	75	2,484,991	53	820,163	85	916,874	119	2,568,986	129	3,603,634	
3,077	District of Columbia.....	23	154,887	12	109,304	14	157,939	33	207,982	30	320,202	44	1,090,100	
248,742	Total Middle States.....	1,667	41,385,652	1,372	32,924,538	1,472	33,953,292	2,290	35,534,191	3,199	95,293,466	3,049	77,173,750	
SOUTHERN STATES.														
12,030	Virginia.....	137	2,235,299	98	670,583	85	708,180	84	848,666	126	1,195,615	{	159	1,312,705
6,791	West Virginia.....	45	389,458	41	188,233	14	56,105	27	124,000	40	379,011		70	439,569
8,585	North Carolina.....	134	931,822	83	591,874	53	411,638	100	1,000,290	89	1,007,200	89	1,788,532	
5,794	South Carolina.....	93	908,542	90	684,558	48	2,932,230	73	2,497,740	59	3,728,134	103	1,181,631	
11,215	Georgia.....	138	1,030,563	132	2,379,548	172	1,018,763	86	574,323	119	1,332,888	11	149,000	
2,508	Florida.....	17	167,300	16	223,352	12	104,500	19	120,077	22	133,268	43	690,000	
7,364	Alabama.....	85	1,188,276	104	2,041,340	47	759,694	24	202,109	51	874,062	86	1,079,986	
7,187	Mississippi.....	197	2,235,957	153	1,942,129	55	700,549	76	991,374	99	1,073,600	86	1,863,519	
9,999	Louisiana.....	175	3,162,648	106	1,604,577	54	706,262	90	4,752,557	127	4,830,402	61	869,996	
17,246	Texas.....	204	1,644,254	234	2,713,990	155	1,493,210	159	1,223,892	228	2,733,725	138	1,800,996	
6,593	Arkansas.....	95	754,724	102	952,532	26	340,072	48	425,427	41	497,653	23	270,775	
19,352	Kentucky.....	131	3,176,096	93	1,063,413	104	1,030,000	138	1,546,577	220	5,055,756	227	6,994,428	
12,217	Tennessee.....	164	1,632,864	187	1,393,353	105	1,051,219	152	1,569,671	194	2,205,873	91	1,201,110	
126,881	Total Southern States.....	1,618	20,998,123	1,439	16,469,412	835	8,813,442	1,076	15,876,703	1,415	26,322,961	1,078	17,271,920	

Number in business.	States and Territories.	1882.			1881.			1880.			1879.			1878.			1877.		
		No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$	No. fail- ures.	Amount of liabilities. \$		
WESTERN STATES.																			
59,433	Ohio.....	288	2,686,817	187	1,292,067	152	1,230,318	260	3,230,176	515	10,799,300	373	5,866,818						
32,488	Indiana.....	47	764,734	48	1,507,866	38	514,241	74	1,177,669	216	7,570,311	126	3,710,584						
58,051	Illinois.....	124	1,688,595	76	683,269	89	842,847	122	1,509,791	374	5,233,549	352	5,718,700						
	Chicago City.....	158	1,693,740	108	585,718	91	483,862	194	3,966,480	470	7,672,931	454	8,117,091						
31,787	Michigan.....	183	2,259,884	207	1,986,700	43	780,154	83	2,237,300	362	12,026,860	306	10,065,300						
24,411	Wisconsin.....	169	1,456,876	369	1,750,832	153	2,285,266	179	2,003,894	369	6,627,769	310	8,032,902						
28,217	Iowa.....	97	1,106,942	77	1,469,616	74	560,207	145	1,866,345	103	3,317,432	154	2,128,710						
14,088	Minnesota.....	194	1,415,773	75	926,661	92	495,555	128	1,221,900	400	3,468,100	350	2,604,100						
37,449	Missouri.....	76	355,990	73	391,827	82	1,607,909	128	495,555	149	1,052,403	114	1,201,852						
	St. Louis City.....	221	1,446,450	163	591,720	85	429,972	83	284,394	101	1,036,416	81	717,232						
14,713	Kansas.....	79	2,701,720	55	1,978,331	54	1,186,216	56	2,444,000	107	4,171,300	141	7,239,850						
7,848	Nebraska.....	267	1,500,957	262	1,704,810	112	446,953	66	392,043	44	647,902	50	356,635						
		113	450,023	132	368,415	106	359,919	66	231,866	166	825,400	45	336,300						
308,485	Total Western States.....	1,950	19,019,175	1,504	15,594,732	1,171	11,519,419	1,668	21,207,519	3,436	64,359,503	2,756	56,187,074						
PACIFIC STATES & TERRITORIES.																			
272	Indian Territory.....	—	—	—	—	—	—	—	—	—	—	—	—						
4,027	Oregon.....	35	193,500	33	206,214	71	674,342	55	438,045	13	173,500	20	266,170						
20,007	California.....	237	1,552,000	169	1,437,000	184	1,123,700	251	2,050,738	313	6,899,539	288	3,252,852						
	San Francisco City.....	138	2,105,000	106	1,332,000	118	1,797,700	221	5,377,168	232	4,760,591	168	8,353,424						
7,825	Colorado.....	169	1,200,191	24	687,470	78	546,300	47	335,661	58	541,542	58	880,103						
1,471	Nevada.....	29	182,200	97	267,000	40	561,000	34	455,000	37	419,797	56	659,730						
2,357	Utah.....	15	274,071	10	18,200	5	14,000	8	35,844	12	12,050	11	44,300						
1,377	New Mexico.....	12	135,500	4	51,500	3	35,800	8	29,639	17	83,600	4	261,200						
584	Wyoming.....	—	—	2	4,000	5	21,000	12	25,400	11	62,050	4	46,000						
937	Idaho.....	5	12,500	4	63,000	3	40,000	—	—	—	—	—	—						
6,744	Dakota.....	33	194,952	12	121,108	4	19,000	11	68,000	7	83,600	8	31,300						
1,638	Montana.....	7	71,000	4	68,000	5	27,500	3	99,000	—	—	—	—						
1,847	Washington.....	20	128,300	12	99,593	13	80,388	58	171,305	3	16,900	7	207,800						
952	Arizona.....	31	454,000	18	630,000	6	44,700	4	21,500	6	81,307	4	54,000						
21	Alaska.....	—	—	—	—	—	—	—	—	—	—	—	—						
50,059	Total Pacific States & Territories.....	731	6,653,214	495	5,096,094	534	5,005,730	714	9,953,358	694	13,163,176	636	13,949,185						
822,256	Grand Totals.....	6,738	101,547,564	5,582	81,155,932	4,735	65,752,000	6,658	98,149,953	10,478	234,383,132	8,872	190,669,936						
61,133	Dominion of Canada.....	787	8,587,657	635	5,751,207	997	7,988,077	1,992	19,347,937	1,697	23,908,677	1,892	25,523,993						

A study of these figures gives birth to a good many reflections. First of all may be noted the large increase of failures in the last two years. Notwithstanding the expansion of business, bad debts are growing in a far more rapid proportion. The great number of failures last year is not so surprising as those of the previous year, for then business was considered excellent, prices were maintained or advancing, and hence there seemed to be less occasion for failing than last year, when prices were shrinking and customers were inclined to hold off.

That there should be such an increase of late in the number of failures, in view of the general prosperity of the country is a very unpleasant fact. The spectacle is presented that, while the trade of the country is not in the most healthy or desirable condition, the country itself was never before more prosperous than at the present moment. Beyond all doubt, the power of absorption by consumers of all classes was never so marked, and the ability to pay is greater, in proportion to the volume of indebtedness, than at any previous period. It is true that the tendency to hold back, for higher prices, by farmers, from market the products of a most remarkable year, causes an expansion of credits by retailers, in some sections, which is disturbing, but which can only be temporary, and is hardly yet sufficient to account for the recent disasters which have occurred in mercantile circles. We must, therefore, look to other causes, to account for the increased failures, than those that are discoverable in the condition of the country. The chief of these, beyond question, is the alarming extension of the lines of credit, which the last two years have witnessed. This is, of course, the result of undue anxiety to dispose of goods without sufficiently careful scrutiny as to the ability to pay for them, and is directly traceable to over-production in manufacturing centers, in anticipation that the volume of business would be maintained at a ratio of increase as great as that which marked the recovery from years of depression, economy and restricted business, to a state of the highest prosperity.

Speculation has played a prominent part in many of the recent failures. It often happens that when business is depressed a merchant will try his hand at speculation, who would not think of doing so when business is active. He hopes to retrieve the losses sustained in trade by a lucky stroke of speculation. Sometimes he succeeds, but how often does it happen otherwise, thus precipitating him still sooner into bankruptcy. It is not exactly true, therefore, to suppose that all the recent failures in which speculation has been one of the factors would not have happened if those failing had let speculation alone. This is, doubtless, true, in some cases, but in the majority of them their embarrassments led to speculation, which, proving unsuccessful, precipitated them the sooner into the gulf of bankruptcy.

Of course, the old advice is everywhere given to merchants, restrict credits more, both in time and number. But the advice is not heeded. The tendency is to lengthen them. The practice of dating ahead is growing. No warnings nor failures, however great or numerous, suffice to put a stop to the practice. As competition grows keener, and especially when prices begin to weaken, the desire to sell leads to an extension of credits in every direction.

In this connection a word may be said concerning the National bankrupt law. Opposition to it seems to be increasing. One reason is because the States have perfected their assignment laws, and there is a better chance of reaching a satisfactory settlement than formerly. A bankruptcy bill is before the Senate, but the interest manifested in its passage is stronger, it is safe to say, inside that body, than it is elsewhere. When many of the States had no assignment laws, or very poor ones, the need of a National bankrupt law was evident; that need has greatly lessened or altogether passed away; hence if Congress should never enact another bill on the subject, neither creditors nor debtors are likely to suffer in consequence. State legislation seems to be sufficient now to protect both classes.

---

## A NEW WORK ON POLITICAL ECONOMY.

The charge is often brought against writers on political economy, that they regard man exclusively as a cold, selfish, unsympathetic being. This is the criticism usually of thoughtful, well-meaning persons, but who, nevertheless, have not a very clear idea concerning political economy. They do see a great deal which is repulsive about it, but their criticisms always show a lack of knowledge of economic methods and principles.

Political economy is both a science and an art. As a science it investigates the facts pertaining to wealth, and is neither selfish nor unselfish any more so than geology or chemistry. As a science, political economy has no moral quality whatever. For example, it investigates the advantages and the disadvantages of the subdivision of labor. Whether this subdivision is helpful or harmful to the workingman or to society is no concern of political economy, it simply seeks to gather the facts and deduce all the principles that may be drawn from them, whatever these may be. The geologist seeks to find out the structure and functions of animals that existed in former ages, in order to classify them and deduce principles concerning the evolution of life on the earth, but he makes neither facts nor principles. He is simply a discoverer and a recorder; and the same thing is true of the econ-

omist. The scientific side of political economy has been admirably set forth by Cairnes in his lectures on the *Logic of Political Economy*. Many who at present have a dim, shadowy conception of what political economy is as a science, could read these lectures with profit.

Political economy as an art is a very different thing. The art relates to the application of economic principles, and doubtless political economists have frequently been great sinners in urging the application of economic principles as remedies for evils when very different remedies were needful. Too often have economists looked at questions exclusively from an economic point of view, and consequently utterly failed to see the larger sides of questions and the rightful answers to them. In this regard, therefore, they have shown themselves to be narrow, one-sided, short-sighted, giving wrong answers, and leading others into crooked and wrong paths.

Another charge can be justly made against many political economists, namely, that while professing to be scientific they are not really so, and are either pretenders or do not understand what the scientific method is. It will not be denied that the method employed by Mill, and by most of his followers, consists in constructing a man impelled by enlightened, selfish motives, and in deducing therefrom the principles which it is believed such a man will follow. This economic man who is thus deliberately set up for investigation is an imaginary being, who does not correspond with the real beings who are moving on the face of the earth. The consequence of deducing rules of conduct from such an imaginary economic man is, they do not correspond with the rules observed by real men, and the latter, seeing the palpable variations, laugh at those who busy themselves in this manner and regard them as simple-minded creatures, who mean well, but who for the most part are engaged in a very silly business, and whose speculations are too empty and worthless to repay serious study.

The distinguished Belgian economist, Emile de Laveleye, whose *Elements of Political Economy* has just been published, employs a much more fruitful method. He has not set up the old stereotyped, selfish, economic man and spun economic principles out of him like a silk-worm. Nothing of the kind. He maintains that political economy is simply the division of sociology relating to wealth—a definition similar to that contained in Prof. Thompson's recent work on the *Elements of Political Economy*. The superiority of this definition is apparent as soon as M. Laveleye begins to unfold his subject. Instead of looking at man through a narrow door, the partition is wholly removed and man is seen in his entirety. A thousand facts are beheld and de-

scribed which the followers of the speculative method have never discovered. Man is now seen as he really is; a juster judgment is formed of his ways and works, and he appears to us, as a very different being from that described by the older economists. We venture to say that no thoughtful person will read M. Laveleye's book, who has ever read Mill, Fawcett, Perry, or any of the ordinary old-fashioned manuals on the subject, without feeling that the Belgian has given a far truer and better idea of man as a money-getting and money-using creature.

This book should find an English translator, for if clothed in an English dress, it would do much to hasten the end of that vicious method which, as we have said, consists in deducing so-called economic principles from an imaginary economic man, instead of the real man forming a member of society.

One other point is worth mentioning, namely, the moral tone which runs through the book. The reader cannot help getting the impression that the author is a very serious man, earnestly seeking to regenerate society. The spirit of the book is as beautiful as, unhappily, it is rare among works of this kind. The author has struck a new and higher note in political economy than we are accustomed to hear; it is as sweet as it is true; and will cheer wherever heard—a note of helpfulness to the despairing, of warning to the idle and improvident, of inspiration to those who are seeking to lift man up to higher levels of thinking and action.

---

## DEPRESSION AND RECOVERY.

We have again passed out of the old into the new—out of the old year not only, but out of the old order of things, and out of the worst of the depression in financial, agricultural, and commercial circles into a better state, with its promise of improvement and recuperation, at least, if not good times.

This depression began two years ago in railroad securities, when the reaction from the preceding three years' speculative drunk or inflation set in, during which this unnatural thirst had created a demand for these securities, greater even than the printing presses and "construction" companies of the philanthropists of Wall Street could supply, and prices were marked up again and again until the money poured into the Street from all parts of the country by the "lambs" had been absorbed.

After this first natural and most healthy reaction had run a year, until it had nearly spent itself, and before any genuine recovery had set in, another and unhealthy reaction followed the bad crops of last year, which gave the railroads only about one-



half to two-thirds as much surplus for export to bring forward to the seaboard, while their capacity had been increased in about the same proportion as the crops to be moved had decreased, from the enormous ones of the three preceding years, which the roads had equipped themselves to carry. This equipment will be employed this year by all agricultural roads. This depression came a year later in commercial circles, because the speculative craze began then a year later than in stocks, and was fed nearly a year longer by the very shortness of last year's crops. But we believe we have passed out of the worst of this also with the old year, for the same reason that we have for believing the worst is over in railroad securities: namely, enormous crops this year to move, which will increase the earnings of all roads not paralleled and which run through agricultural districts. These will in a measure recoup the merchant, and all but the coal, iron, and lumber roads for their losses by the last short crops.

The manufacturing and industrial depression did not begin really until a year later than the agricultural and commercial, or rather it would not, had not the ill-advised, unsuccessful, and most inopportune strikes of the past year hastened it, although some of them, in the name of humanity, should have succeeded.

It is, therefore, likely to run its course here, as it will no doubt take the coming year, or the heart of it, to work off the surplus production of the past year, consequent upon the financial and commercial depression of last year, and the wild speculation of the years immediately preceding. Along with these, the commercial classes dealing in merchandise existing in excess, must wait for this recovery another year, as their brethren in the produce market had their bad year twelve months earlier than they, and hence their earlier recovery.

---

### SHRINKING OF GRAIN.

Farmers rarely gain by holding on to their grain after it is fit for market, when the shrinkage is taken into account. Wheat, from the time it is threshed will shrink two quarts to the bushel, or six per cent., in six months, in the most favorable circumstances. Hence it follows that ninety-four cents a bushel for wheat when first threshed in August, is as good, taking into account the shrinkage alone, as \$1 in the following February. Corn shrinks much from the time it is husked. One hundred bushels of ears as they come from the field in November, will be reduced to not far from eighty. So that forty cents a bushel in the ear, as it comes from the field, is as good as fifty cents in March, shrinkage only being taken into account. In the taking of potatoes—taking those that will rot and are otherwise lost, together with the shrinkage—there is but little doubt that between October and June the loss to the owner who holds them is not less than thirty-eight per cent. This estimate is taken on the basis of interest at seven per cent., and takes no account of loss by vermin.

## LUXURY.\*

The work of M. H. Baudrillart, unfolding the history of luxury, is one of the most important, and in its way, remarkable, that the moral and political sciences have had to show in a long time. Few books are so learned and attractive, and the author never ceases to be the master of his vast subject.

In the vestiges of prehistoric times, in the caves strewn with the flint hatchets and amber necklaces of our mysterious ancestors, mingled with their bones and those of the mammoth, among these rude tools and barbarous ornaments may be encountered the first appearance of luxury in the infant world. Living examples of that primitive humanity are yet to be found in America, Africa, and the isles of the Pacific, where the lowest may display more devotion to adornment than the most civilized of men. A Papuan negro puts more time, patience, and art in the odd fabric of his head-dress or his symmetrical tattooing, than were ever shown by the dames of ancient Rome or modern Paris. Luxury is common to all periods, races, and degrees of civilization or barbarism. It is born with man, and has its roots in the undying feelings and instincts of our nature.

First of all, the Greeks knew how to embellish human life, to sweeten without enervating it, to ennoble luxury by the grandeur of art, and to cause the light of ideal and supreme beauty to shine. This is the characteristic and immortal feature of Greek luxury. The Egyptians of Memphis and Thebes, the Assyrians of Nineveh and Babylon, the Phenicians of Tyre and Carthage, and the Chinese, whose civilization reckons centuries as others do years, all these great peoples had realized in the most remote antiquity marvels of magnificence, and had even known excesses of refinement, to which the sober and delicate genius of the Hellenes was ever incapable of attaining. But the luxury of these barbarians lacked that pure and divine ray, which art in its highest expression can alone diffuse upon the works of man. Then appears a new element in the world and a new period in the history of luxury.

The luxury of Rome suffered many transformations in passing from the modest elegance of the ancient Roman patricians to the monstrous follies of the emperors. What a contrast between the rude hut of Romulus and the glittering palaces of the Cæsars. The Greeks were not surpassed in letters and arts, where they remain our masters, but in the luxuries of material life we bear more resemblance to the Romans. Reading accounts of the exist-

\*Adapted from the French of M. Bérard-Varagnac.

ence led by a rich Roman family at the end of the republic or under the empire, we seem at times to see our own image. The simplicity and sobriety of the Greeks must not, indeed, be exaggerated, for they too had their over-refined and their gluttons. Their luxury, however, was a little matter in comparison with the incredible prodigies produced by the pomp and sensuality of the Romans. What a difference in the desires and means of the Greeks, citizens of small republics, and of the Romans, masters of the world and its treasures! One would imagine more than two thousand years separated the age of Pericles from that of Augustus. This was due to the amazing fortune of Rome and the character of the race, destitute of the innate Attic delicacy. The Romans had in their hands the riches and the heritage of the arts and sciences of the ancient world; but they enjoyed them little more than would an upstart.

Under the Cæsars the Romans were the ancient world itself; they had, as it were, absorbed it little by little in the unity of their domination; everywhere a uniform civilization bore the imprint of the Latin genius. Quite otherwise were the Middle Ages, the period of breaking-up. The invasion of the barbarians broke the frame of the empire, restored each nationality to its own genius, and brought previously unknown nations upon the world's stage. Add the profound influence of the Christian religion, and you have the elements and causes concurring to produce very different nations and civilizations, whence also the varied forms then assumed by luxury. There was a great difference between the Arabic luxury of Spain and the Gothic luxury of England, France, and Germany, between the feudal and monarchical luxury of these northern countries and the artistic, poetic, and elegant luxury of an aristocratic republic like Venice, or of a democratic republic like Florence, or of such a religious capital as the Holy See of Rome. Apart from all the rest was the luxury of the Byzantine Empire, a natural continuation of the preceding Roman luxury, with differences resulting from the predominance at Constantinople of the Greek genius and of that decay, from which the old age of empires is no more exempt than that of men. It was a compound of all ages and countries within the narrowing limits of an empire assailed on all sides. The Byzantine world seems stifling in the air of the grave. Like all of us, nations have their different ages, their infancy, their youth, their maturity, their vigorous old age, and their miserable decrepitude. Compare the image of the Byzantine people of 1453, more like a dried and stiffly-bandaged mummy than a living being; with the radiant apparition of the rejuvenated nations of the West, whose supple genius moved with life and burst into full bloom on emerging from the dark ages. This contrast is naturally reflected in the forms of luxury, no less than in the conditions of art and religion, to whose influence and direction luxury

is always subjected. The religious element predominates in the luxury as in the society of the Middle Ages. On the other hand, the lay or civil element, so to speak, predominates in modern times. The great feature of modern luxury is that it extends from one century to another, and is ever descending more deeply in the social strata. It has passed from the grand aristocracy to the nobility and upper middle classes, from these to the lower middle classes, and in our day it is becoming democratized, and, little by little, reaching the people, an evolution and progress of about three hundred years.

The reign of Henry IV forms a transition period in the history of luxury, as in the history of French society and literature. The same may be said of the reign of Louis XIII. In this early part of the seventeenth century, two facts may be cited as marking new times; the rapid rise of the silk industry under Henry IV, and the growth of Paris under Louis XIII. Then was the beginning of modern Paris, private industry building with ardor, and new quarters rising where but little before were only gardens, fields, or farms. Cities have thus their crises and fits of growth. They are not always extended by a slow, steady, and imperceptible growth, but as well by intermittent and sudden jerks, *per saltus*. They appear for years to be quite stationary, and all at once on they move again, as we even see to-day. Not only was the capital transformed by the speculation of landlords and the splendor of the great lords, but the government of Richelieu undertook a large part of it; public monuments were planned or finished, and helped embellish the great city, which then received that stamp of imposing majesty imprinted by the seventeenth century on its works.

A third fact of the reign of Louis XIII must be recalled as a vestige of the old spirit of impotent and abusive inquisition and regulation that has often appeared from antiquity to modern times; the sumptuary laws and edicts, by which governments have attempted, but always in vain, to restrain private luxury in its two principal manifestations, the table and dress. These make a history of themselves, doubly curious for the moralist who observes the impotence of laws to reform manners, and for the economist who ascertains the fragility of those ephemeral barriers that the public powers sometimes seek to oppose to the rule of the sovereign forces presiding over the production, distribution, and consumption of wealth. It is an amusing and instructive spectacle, and proves how man is the same among all nations and at all times. The proceedings of the legislator decreeing sumptuary laws vary no more than the supposed or real abuses he combats; the details may be modified, but the substance does not change. It suffices to compare Solon's laws, regulating the dress of women,

limiting the number of guests at banquets, and compelling restaurateurs to keep the authorities informed of repasts ordered, with the laws of Louis XIII enacting that in a restaurant only one crown a head should be spent, that a private table should serve but three courses, that there should not be more than two rows of silk embroidery on dress, etc. Some such edicts were seen under Louis XIV, and in the year of misery, 1708, one banished gold from the costume, probably the last.

The luxury was great during the regency of Anne of Austria and Mazarin. The miseries of the Froude exerted only a passing influence, and just before the treaty of the Pyrenees, the beginning of the personal or true reign of Louis XIV, Paris and some neighboring castles offered examples of a splendor never before seen. Neither royalty nor the court proper showed these examples; they belonged to the regent's enriched ministers, to Mazarin and above all to the celebrated Fouquet. The lavish luxury of the latter and the famous entertainments that precipitated his ruin are well known. Who does not know the mythological plays, in which the youthful Louis XIV delighted to shine before his court; the history of the Babylonian labors, raising the pompous marvel of Versailles from marshes and woods; the etiquette of the court; the foolish expenses, incurred by the nobles to distinguish themselves in the eyes of the monarch; the millions squandered every year on such a favorite as Madame de Montespan? Fouquet was a characteristic personage, a striking if not the supreme representative of those financiers, farmers of the revenue, famous tax-gatherers, whose riches form a salient feature of French society under the ancient *régime*. The financiers of the old monarchy play a great part in the history of luxury, which they have always done much to keep up and increase. But Versailles eclipsed all; there the luxury of the reign was concentrated; Paris was as forgotten, and only emerged from its comparative obscurity after the great king's death. Versailles and Paris were not France. To study the degrees and forms of luxury in the provinces of the kingdom, in the large cities, and in the small towns, would be a task of arduous research, but how many new and curious facts and views it would disclose of that old France, of which the court and the sumptuous mansions of Paris were but the decoration and the brilliant outside!

The genius of Spain appears in its luxury of the seventeenth century, as elsewhere, with its glaring contrasts. The dominant character of Spanish luxury is an odd mixture of splendor and embarrassment; it is ostentation hiding hopeless poverty, a miserable and empty body under superb draperies. How different, for example, from the solid luxury of England, aiming not so much to dazzle the eyes as to assure to its possessor the positive enjoy-

ment of comfort! Another trait of Spanish luxury is that it is almost wholly imported and borrowed; for Spain of the seventeenth century has no industry and is a ruined country despite its gold mines and colonies; Spain has become a country of idlers, and as M. Baudrillart pleasantly observes, there is but one luxury the inhabitants bestow freely upon one another, that of doing nothing.

Amid this magnificent destitution there was a striking profusion of plate. It was frequently used in families of the middle class, and assumed fabulous proportions in the houses of the nobility. When the Duke of Albuquerque died, it took six weeks to make an inventory of his gold and silver plate. It included fourteen hundred dozen plates, fifty large dishes, seven hundred small ones, and forty silver ladders for reaching to the top of the buffets. It is true indeed that this plate was brought already made, and poorly made, from the Indies, and true also that the art of putting out at interest and multiplying capital was then little known in Spain. In this respect no progress had been made beyond the barbarous methods of primitive ages. The Duke of Frias died leaving his three daughters six hundred thousand crowns in specie; nothing better could be devised than to bury the money in three coffers, each bearing the name of one of the girls. The eldest was not seven years old; the guardians kept the keys, and only opened the coffer of the eldest to deliver its contents to her husband. The grandees returning gorged with gold from their governments, did not spend their spoil in acquiring lands, but kept it by them to be inconsiderately squandered.

Another trait of Spanish luxury was its excessive formality. The odious etiquette of the court is well known, but the ridiculous and insupportable tyranny of etiquette reigned not only there, but everywhere else as well, in the banquets lasting four hours, where the guests found the plate garnished with rather poor fare. And it may be added, that Spanish ladies were accustomed to eat sitting on the floor. The costumes, especially of the women, were frightful, and an absurd taste exaggerated everything. The great dames made a horrible abuse of paint, daubing rouge on face, neck and hands; they were loaded down with heavy jewels, putting in their ears pendants longer than one's hand, and even watches, padlocks, keys, and bells. The incredible number of domestics must also be noted. The nobles kept whole armies of servants of all ranks, duennas, pages, gentlemen, and paid them but little. A Spanish grandee gave each of his gentlemen fifteen crowns a month, from which they had to clothe themselves in velvet in winter and in taffeta in summer, and these brilliant cavaliers often lived on onions and chick-pease. But they had the satisfaction of wearing a sword, of being infinitely noble hidalgos, and of doing nothing. The

Duchess of Osuna had five hundred maids and attendants in her palace, and in Madrid alone the King gave pensions or food to more than ten thousand persons. This was organized domesticity or rather mendicity; but while usage imposed a host of servants on the great lords, a sumptuary law prohibited their appearing in public with more than two lackeys.

This mixture of magnificence and misery was everywhere. Notwithstanding its splendor Madrid was one of the dirtiest cities of Europe. The nobles rode behind four horses, and their gorgeous coaches stuck fast in the mud. When this noble society traveled it could only put up at hotels of inexpressible filthiness, such as Cervantes has faithfully depicted in *Don Quixote*. In some of these *posadas* forks were unknown. Madame d'Aulnoy relates that she could not get a candle in an inn ten leagues only from Madrid. On the other hand many of the churches contained wonders of art, and the magnificence blazed forth in the religious and royal festivals.

This contrast of splendor and destitution was not peculiar to Spain alone. There indeed it was more striking than elsewhere; but in differing degrees it was everywhere to be encountered under the ancient *régime*. It exists to-day still; it pains our eyes in the great capitals: in London, where hideous pauperism displays its sores and rags by the side of the proudest and most opulent aristocracy; in New York, where the starving poor man elbows the speculator counting his millions by dozens. The luxury of old was far different from ours, however; for the luxuries of monarchies and courts is far removed from that simpler and more reasonable luxury of even the richest members of democratic society.

It would require fully a volume to study profoundly the various manifestations and evolutions of luxury within the last eighty years. From a moral and a utilitarian standpoint M. Baudrillart considers the luxury of our times, and from this double point of view he examines a question that economists have often discussed, of the relation of taxation to luxury. Should a tax be established *against* or *upon* luxury? M. Baudrillart condemns it in the former case; he admits it in the latter, but only with moderation, for if not moderate this tax becomes oppressive and treats luxury as an enemy. Here we touch upon a problem that has at all times divided economists, and before them philosophers, churchmen, and statesmen.

Should luxury be encouraged or opposed? Is it a good or an evil? This problem has given rise to endless controversies, and since antiquity luxury has had from age to age its ingenious apologists and passionate detractors; some extol it as the condition of human progress and source of social prosperity; others brand it as an agent of iniquity and corruption. It is in the nature of such

problems to be perpetually disputed by theorists. They seem to escape all solution or definition even, for before deciding whether luxury is worthy of condemnation or not, its character and limits must first be settled. What is luxury, and where does it begin? Who can enumerate the certain signs by which it may be known, and who will mark the precise point where the necessary becomes the superfluous? This is, indeed, a singularly uncertain and shaky ground.

M. Baudrillart's work has moved M. Emile de Laveleye to a study, in which the learned economist deliberately takes part against luxury.\* In principle M. de Laveleye considers it an evil, not only by reason of the abuses it engenders, the immorality it favors, the inequality of conditions it contributes to augment or to render more apparent and revolting; but he deplores also the waste of productive forces sterilely consumed by the caprices of human vanity. What is left of a fifty-thousand-dollar display of fireworks? For a moment it dazzles the eyes of the spectators; but when the last fiery rocket has vanished in the darkness, nothing remains of all the money, that too has vanished for a futile and ephemeral pleasure, when if this same money were spent in extending or improving the cultivation of lands and constructing roads, it would multiply itself and live again in growing harvests and increased value of the country.

One sort of luxury alone finds grace with M. de Laveleye: public luxury; and M. Baudrillart also indicates in what forms and to what extent this should be allowed. With regard to private luxury M. Baudrillart does not share the rigorism at bottom very just, but a little absolute and more theoretical than practical, of M. de Laveleye. In public luxury he admits certain categories of expenses that one might well hesitate to approve. Such are the expenditures that the government of France annually adds to its budget for the greater prosperity of the theaters. It is rather hard to see what benefit the mass of tax-payers derive from the subventions so liberally granted to the opera. Some allowance, perhaps, might be made for National celebrations, for here the object is a more popular one; yet it may be questioned, whether these solemnities really have a political utility and social good, whether the expenses they impose upon the State, in fine, upon the tax-payers, are a paying investment. But these discussions would lead us far, so numerous, so complex are the problems M. Baudrillart has examined and for the most part solved by laying down distinctions and happy means, as is usually necessary in questions relating to social development; nothing in the social elements is simple enough to be judged or regulated by the perfect simplicity of formulas and by the inflexible rigor of absolute ideas.

\* *Revue des Deux Mondes*, 1er Novembre, 1880.



## EARLY INTERNAL-REVENUE LAWS.

When Congress convened the second time, every member clearly saw the necessity for increasing the revenue. From what source should the new supply be drawn? Hamilton urged an increase of the duties, and also a tax on spirits distilled at home. The latter suggestion was warmly debated in Congress. The Middle States and the East favored such a measure, but the South was strongly opposed. "Grog" was declared to be "a necessary article of drink in the Southern States;" and consequently "this mode of taxation was odious, unequal, unpopular, and oppressive." Some members regarded the measure as an invasion of the rights of the States. Said Jackson, of Georgia, "I plainly perceive that the time will come when a shirt shall not be washed without an excise." Another objection was the probable unequal operation of the law in the different sections of the country. This was the chief objection raised by the people of Pennsylvania who lived west of the Alleghanies. Nevertheless, the bill passed the House by a vote of thirty-nine to nineteen, requiring the payment of a duty of eleven cents per gallon on all spirits distilled from foreign materials, and nine cents on those manufactured from domestic materials. The duties were higher on spirits distilled from foreign materials, because they possessed greater value.

For the purpose of collecting these revenues, the country was divided into districts, and a supervisor was appointed for each district, with power to appoint those who should have the charge and survey of the distilleries within it. The duties were to be paid, or a bond given for their payment, previous to the removal of spirits from the distilleries. If payment were made before such removal, there was an abatement of two cents for every ten gallons. The regulations were somewhat different on those stills not located in "a city, town, or village." There was "a yearly duty of sixty cents for every gallon, English wine measure, of the capacity or contents of each and every such still, including the head thereof." If, however, the distiller were aggrieved by paying such rates, he was permitted to keep an account of the exact quantity distilled, and of the quantity sold and on bond; and the duties were to be estimated on such still, "according to the quantity so stated to have been actually made therefrom, at the rate of nine cents per gallon."

The law was passed March, 1791; and a year afterward Hamilton made a report thereon, in obedience to an order of the House. He declared that several objections had been raised to

it, that it contravened the principles of liberty, was injurious to morals, that heavy and oppressive penalties had been prescribed, that industry was injuriously affected by it, and, finally, that the law interfered with the business of distilling.

All these objections were fully answered. "There can surely be nothing," says Hamilton, "in the nature of an internal duty on a consumable commodity, more incompatible with liberty, than in that of an external duty on a like commodity. A doctrine that asserts that all duties of the former kind are inconsistent with the genius of a free government is too evident, and too little reconcilable with the necessities of society, to be true. It would tend to deprive the Government of what is, in most countries, a principal source of revenue, and, by narrowing the distribution of taxes, would serve to oppress particular kinds of industry. It would throw, in the first instance, an undue proportion of the public burden on the merchant and the landholder."

Excise laws were generally regarded as unfriendly to liberty, because summary and discretionary jurisdiction was vested in the officers charged with executing them, contrary to the course of the common law. But this objection could not be made to the present law. No indiscriminate power to search and inspect had been conferred. No house or building could be searched or inspected which had not been previously entered, and marked by the possessor as a place used for distilling or keeping spirits. The Act was supposed to injure morals by requiring oaths to be taken,—an effect which Hamilton regretted. But then, as he remarked, they were generally used in courts of justice. It was remarkable, he added, that both kinds of security to the revenue, provided by the Act,—the oaths of parties, and the inspection of offices,—found opponents. If they were both abandoned, it was not easy to imagine what security there could be for any species of revenue collected from articles of consumption.

Some distillers suggested that the revenue might be more satisfactorily collected by having a fixed rate of duty, "adjusted according to a ratio compounded of the capacity of each still, and the number and capacities of the cisterns employed with it;" but this method found many objectors, who contended that it would operate unequally, arising from unequal supplies of the materials at different times and places, and also from the different methods of distillation practiced, and from the varying degrees of activity in the business resulting from the capital employed. Hamilton declared that the result of his examination was, that every mode suggested in cases in which the business was conducted upon an extensive scale would be attended with many inequalities, and upon the whole would be less satisfactory than the plan which had been adopted.

Thus did Hamilton meet one objection after another, until he had

gone over the whole field of dispute. His answer to one more objection may be given, before closing our review of his report. It was claimed that the duty ought to have been laid in the beginning on the consumer, and not on the distiller; because under the mode adopted a larger capital was necessary to carry on the business, and in the country, where capital was not large, distillers were placed at a disadvantage. This inconvenience, the Secretary replied, was obviated by the credits given to them in paying their duties. On the other hand, the collection of the duty from the distiller had several advantages. It contributed to equality by charging the article in the first stage of its progress, which diffused the duty among all classes alike. It better secured the collection of the revenue by confining the responsibility to a smaller number of persons, and simplifying the process. It avoided the necessity of so great a number of officers as would be required in a more diffuse system of collection, operating immediately on purchasers and consumers. Besides, Hamilton contended, such a plan would transfer whatever inconveniences might be incident to the collection from a smaller to a greater number of persons.

Although the excise finally imposed was two cents less per gallon than was collected by the State of Pennsylvania just before adopting the constitution, the inhabitants of the western part of the State refused to obey the law. The officers appointed to execute it were so seriously intimidated that they abandoned their posts. An address written by Hamilton, explaining the law, and seeking to reconcile the discontented, was circulated. No good effect followed. A proclamation issued by the President was the next step taken by the Government. He exhorted all persons to desist from any proceedings tending to obstruct the execution of the laws, and invoked the aid of the magistrates to bring offenders to justice. But the proclamation was disregarded as generally as the address issued by the Secretary had been. Many of the magistrates, instead of co-operating with the officers of the Federal Government to maintain the laws, encouraged resistance to them. Meetings were held at Pittsburgh and elsewhere; and on these occasions resolutions were adopted, tending to increase the discontent, and encourage resistance to the execution of the law. Some of these resolutions went so far as to declare all excise collectors infamous; and destruction to their life and property was threatened. Among the persons who encouraged opposition to the Government was Gallatin, subsequently Secretary of the Treasury. The spirit of rebellion rapidly spread and intensified until the summer of 1799, when an effective measure was put forth to suppress it. A strong military force of fifteen thousand men was raised, and placed under the command of Hamilton, who marched through the insurrectionary district, and speedily quelled the disaffection with only very slight loss of life.

During the next session the law was modified in several ways. A few members favored its repeal because it abridged the liberties of the people; but the need of money was so great, and the expediency of taxing spirits distilled at home, to some extent, was so generally acknowledged, that Congress wisely persisted in continuing a tax on this article. Mutterings and grumblings were indeed heard after amending the law; but the Government enforced it, and collected a large revenue therefrom. The law was frequently modified; and within five years from its enactment, the duty had been changed to ten cents per gallon on spirits distilled from molasses, and seven cents on spirits distilled from grain and fruit. These duties were laid on the lowest proof, and rose as high as eighteen and twenty-five cents per gallon on the highest proof. Country distillers who used domestic materials only, had the option of paying a similar duty, or a yearly duty of fifty-four cents, or a monthly duty of ten cents, for every gallon of the capacity of their stills.

The duty on spirits distilled from domestic materials was collected from a very large number of manufacturers, scattered over a vast and thinly-settled country; while the duty on spirits distilled from molasses was more easily collected, because the manufacture of it was confined to a few individuals who resided at the seaports. In consequence of the difficulty and expense attending the collection of the former tax, Gallatin, in his "Sketch of the Finances," which appeared near the close of 1796, suggested the expediency of laying a moderate monthly or yearly duty on the stills, proportionate to their capacity; repealing the option, at that time given, to pay in proportion to the quantity distilled.

Gallatin believed that several beneficial results would follow, if the law were thus amended. The difficulty of discovering the quantity of spirits manufactured caused evasions of the duty equally injurious to the revenue, to the fair trader, and to the morals of the people. A premium, indeed, seemed to be offered by the present law to those who should violate their oaths,—a temptation, perhaps, too strong to be always resisted by all the individuals to whom it was presented. To prevent such evasions, it was necessary to create a number of officers, proportionate to the extent of territory and to the number of manufacturers, and to invest them with extensive powers, and to subject the manufacturer to a vexatious but necessary inquisition. But it was very easy to know whether a man distilled or not, however difficult it might be to find out the quantity of spirits which he distilled. The number of officers needed, therefore, would be comparatively few. Every distiller felt interested in having all pay the duty who were properly subject to it. By the present plan, he could by no means check the frauds committed by others; by the plan proposed, he would

contribute to secure the public against them. In every point of view, the expense of collection would be diminished; evasions of the duty would become almost impossible; and the distiller, after having paid for his license, would be liberated from the visits of the officers, and from the duty, however inconvenient, of keeping correct books and accounts.

The only objection to the mode of thus paying a duty on stills was the possible unequal operation of the measure. It would fall more heavily on small stills, which were generally owned by men having less capital, and located in less advantageous situations. This difficulty, Gallatin suggested, might be remedied by making the duty somewhat less, in proportion to their capacity, on stills under a certain dimension. It was further remarked, that, however improper and dangerous it might be for the Government to pass laws with the view of giving a certain direction to industry and capital, it could not be doubted that the effects of a provision which tended gradually, and without any injury to the property then invested in that business, to diminish the immense number of small distilleries, would prove favorable to the general wealth and to the morals of the people. At the next session of Congress the law was amended in accordance with Gallatin's suggestion, and a duty was laid on the capacity of the still. This mode of collecting the duty continued until the repeal of all internal duties in 1802.

As additional taxes were necessary, the retailers of wines and foreign spirits were required to pay five dollars a year for a license to continue their business. This regulation applied to all persons, except tavern-keepers and apothecaries, who sold wines in less quantities than thirty gallons, or two-thirds that quantity of spirits.

In regard to this tax, Gallatin acutely remarks, "The object of a duty upon the retailers of any article of consumption which is already taxed is to increase that tax, but, by dividing it, to diminish the temptation of smuggling, and the evasions of the duty." The duties upon the importation of wines and spirits at the time he wrote his "Sketch" amounted annually to nearly \$2,000,000. For licenses \$60,000 were obtained,—"only an additional three per cent. on the duty; not one per cent. on the article." To Gallatin it did not seem that so trifling an addition, less than one per cent. per gallon on articles which paid at least twenty-five per cent. duty, could possibly encourage smuggling. He declared that the duty on licenses fell very unequally, as all retailers paid the same, whether they sold much or little. It operated partly as a tax on consumption, and partly as a premium to large retailers. He thought, therefore, that the sum would be more justly and conveniently raised on the importation of the articles. But an annual license fee so small as five dollars did not cause much hardship or inequality. To the

retailers selling only a small quantity the duty could not have seemed heavy; and, of course, the more prosperous ones could not have felt any sensible diminution of their income.

Notwithstanding the heavy duties imposed, the consumption of domestic and imported spirits did not decrease. Had such a result followed, Gallatin declared the duty would have probably been lowered; for "the object of the Government in laying these and other duties on spirits was not to check the use, but to raise money."

In 1794 a tax was laid on carriages. An exemption was made of those employed chiefly in husbandry and in transporting goods. The tax was not uniform, but varied from one to ten dollars on each carriage. Congress very keenly debated whether the tax was not a direct one, within the meaning of the constitution, which declared that no capitation or other direct tax should be laid, unless in proportion to the census or enumeration for taking which that instrument had provided. Many refused to pay on that account; and consequently the revenue derived from that source, during the first year of the operation of the law, was much smaller than had been expected. Finally, the Supreme Court was asked to decide the question. The Act was adjudged constitutional.

Gallatin, when treating of the subject, acutely remarks, "A less vague expression than that of *direct* might have been used in the constitution; as it now stands, it is difficult to affix to it any precise and determinate meaning. The word in itself does not express a positive or absolute qualification, but only the relation of a subject to another. The constitution mentions only one of the subjects, but does not say in relation to what other subject taxes are to be considered as direct. The direct tax is that which falls directly; but upon what? On the person who pays it? On the article taxed? On that general fund intended to be taxed? . . . The most generally received opinion, however, is, that by direct taxes in the constitution those are meant which are raised on the capital or revenue of the people; by indirect, such as are raised on their expense."

The decision of the Court settled the question, and those having carriages covered by the law were obliged to pay. But the officers who attempted to execute it soon discovered a great difficulty in classifying the carriages in a satisfactory manner; consequently, the next year the law was amended, and the various kinds of carriages were described and classified more perfectly. As they were regarded a luxury, Congress acted wisely in taking them in preference to other things beside spirits.

A duty was laid on sales at auction. Auctioneers were prohibited for selling without a license, and they were required to keep an account of their sales. This duty fell almost wholly on

imported commodities, and Gallatin was strongly opposed to it. While the duty on importations was borne equally by the consumer, the auction duty was paid by the importer or some other dealer. Its productiveness was determined by the honesty of the auctioneers, whose temptation to render false accounts was very great.

As the revenues still proved insufficient, a duty was laid on vellum, parchment and paper used for a great variety of legal writings described in the Act. This Act was exceedingly unpopular. It was associated with a former Act, the odiousness of which was vividly remembered. Its execution was at first delayed; and several modifications occurred during the short period of its existence. "Curiously enough," says Gibbs, the Act "furnished a cause of jealousy to the President, who for some reason supposed it to exalt the powers of the Secretary of the Treasury at his expense."

Taxes were levied on two other things,—sugar, refined within the United States, and snuff. On the former article there was a duty of two cents a pound. In the early days of its production, the manufacturers, aided by the high duty levied on the raw material, supplied the entire consumption of the country. The experiment of taxing snuff was not successful. At first a tax of eight cents per pound was levied. Under this law only a very small revenue was obtained. The tax was then laid on the mills employed in making it, and a very much larger income was received. A drawback of six cents per pound was allowed on the quantity exported. The money withdrawn from the Treasury to pay this allowance was greater than the whole tax received from the same source. In truth, snuff was manufactured for the purpose of getting the drawback, which operated as a bounty. The difficulty of rendering the duty equal, from the different situation and capacity of the mills, and from the necessity of allowing a drawback on the exported product, although it was impossible to allow one proportionate to the duty laid on the machinery employed in manufacturing the article, and the evasions practised by hand-mills—these things moved Congress to suspend the law for one year; but it was never revived.

Yet from all these sources the income obtained by the Government was inadequate. It was not as large as the Secretary of the Treasury had expected it would be. This was owing to various causes. The deficiency in duties on distilled spirits and stills was caused by the lack of foreign materials which were used before the war, and because the industries of the country had gone into new fields which had been subjected to an internal duty, and sufficient time had not elapsed to perfect arrangements for collecting it. But a more serious cause of the unexpected deficiency was the lack of energy in collecting the revenues. The establishment of an effective

and productive internal revenue, Wolcott declared, was truly desirable "as connected with a speedy reduction of the public debt;" and no period could be more fit for the accomplishment of this object than that one, when the internal resources of the country were flourishing in a manner hitherto unprecedented.

Both political parties saw the need of increasing the revenues, and were willing to take steps in that direction; but there was a wide difference between them about the mode of raising them. The Federal party proposed to extend the present system; but the other party, which controlled the House, favored direct taxation. From an opinion, says Marshall, "that direct taxes were recommended by intrinsic advantages, or that the people would become more attentive to the charges against the administration, should their money be drawn from them by nimble means, those who wished power to change hands had generally manifested a disposition to oblige those who exercised it to resort to a system of revenue by which a great degree of sensibility will always be excited." The Committee of Ways and Means, it is true, proposed a slight increase of indirect taxes in some directions; but they expended their energies chiefly in directing the Secretary of the Treasury "to prepare, and report to the House, a plan for raising two million dollars by apportionment among the several States, agreeably to the rule prescribed by the Constitution; adapting the same to such objects of direct taxation, and such modes of collection, as might appear by the laws and practice of the States respectively to be most eligible in each."

---

## ITALIAN TAXATION.

The last number of the *London Quarterly* contains an instructive article, entitled *Ten Years of Italian Progress*, from which we have taken the following account of Italian taxation:

The astonishment with which we must needs contemplate the levity Italian statesmen display in imposing such a heavy and gratuitous load upon their countrymen, and the admiration it is impossible not to feel for the patience with which this burden is borne, are greatly increased when we consider the limited National wealth that has to contribute the National budget. Nor can any due estimate be made of the sacrifices demanded from the Italians as the price of their National unity and National greatness, unless account be taken likewise of their communal burdens. These in Italy are enormous. In the year 1879, the local taxes of England amounted to £29,000,000. In Italy they approximated to the same figure. If we assume the imperial and the municipal taxation of Italy in that year to have amounted together to £73,000,000, which it unquestionably did, the Italian people are taxed at the rate of £2 11s. per head. In this country taxation per head is at the rate of £2 18s. But then we have



to take into account the different dimensions of the National incomes from which the two sums respectively are obtained. Professor Leone Levi puts the annual income of the United Kingdom at a thousand millions; and computing imperial and local taxation in round numbers at £100,000,000, which is pretty near the mark, the State and the local authorities between them get on an average ten per cent. of our whole incomes. Any one can judge for himself if taxation is anything like as heavy as that in this country; and we entertain no doubt that Professor Leone Levi, painstaking and able as he is, has considerably under-estimated the total income of these realms. But we suspect he is not far wrong in saying that the income of the Italian people cannot exceed, even if it reaches £200,000,000; and in that case their taxation is a certain thirty-five per cent. against our doubtful ten per cent. Should it appear incredible that a community should be paying thirty-five per cent. in taxation, we can only say that Italian landowners themselves have memorialized the Government in the following words:

The average taxation on land throughout Italy amounts to thirty per cent. on the returns actually got from the property. In some provinces, in Lombardy for instance, it rises to forty or even forty-five per cent., and in parts of Cremona to as much as sixty per cent., without counting mortgages or costs of registration, which have to be paid when the property changes hands.

These figures are quoted by Mr. Beauclerc in one of his admirable Reports to the Foreign Office on the condition of Italy; and though he adds in a note that this high scale of taxation is based upon a very old valuation of land, and that the price of land has increased considerably in many places, yet even if we were to suppose it has increased in value by one-fourth, which would be an exaggerated estimate, it would still leave a state of fiscal oppression unparalleled in any civilized community. Another way of testing the accuracy of the computation, that the people pay thirty-five per cent. of their income to the State or the Communes, is to remember that in Italy the income tax alone is between thirteen and fourteen per cent. Moreover, it touches the smallest incomes. Let us suppose an Italian is entitled to £100, and only £100 per annum, from the public funds; £13 4s. is deducted for income tax. If his £100 proceeds from the profits of trade, he has to pay £9 15s. If it comes in the form of salary, he is mulcted of £8 5s. A professional man in London making £300 a year, had, till Mr. Gladstone clapped on three pence more to pay for his Egyptian War, to pay only £1 16s. 8d. A professional man in Rome earning the same income, has to hand over £24 15s.

We are therefore fully prepared to believe, both on the faith of trustworthy statistics and from experience of our own upon the spot, that the taxes of Italy amount to thirty-five per cent. of its income. The teachings of political economy would be worthless, and the laws of human nature have no fixity, if fiscal burdens of so heavy an incidence did not discourage alike the rapid accumulation and the vigorous employment of capital. In this country, as in France, the wealth of the community is being hourly added to by extensive and prosperous manufacturers; and there are so many fixed incomes and so many well-to-do people to tax, that the hand of the Chancellor of the Exchequer is but little felt by individuals in the community. But in Italy the main wealth of the country is agricultural; and man has never succeeded in devising, and probably never will devise, a method of extracting from Nature

more than a modest and steady competency for his capital and his enterprise. Agricultural wealth never proceeds by "leaps and bounds;" and in Italy agriculture is the milch cow, alike for the community and the taxpayer. In Italy, which has now a population of 28,000,000 souls, only 382,000 persons are employed in the greater industries, and of these not a third are male adults. Moreover, many of these industries are carried on in a small and therefore a costly manner, with insufficient capital, insufficient machinery, and insufficient knowledge. Yet progress has been made, as the returns of the export and import trade of the new kingdom show. In 1862 the total imports and exports were, in round numbers, £62,000,000. They have now risen to over £100,000,000. It must, however, be borne in mind that, in the interval, Venetia and the Papal States have been added to the account; and 1862 represents, moreover, a period when industry was naturally slack by reason of the prevailing political excitement. Our own trade with Italy gives anything but a satisfactory record. It was rather less in 1880 than it was in 1870. In the former year it was represented by £10,137,000. In the latter it had sunk to £9,718,000, though about half way through the decade, or in 1875, it had reached £12,803,000, the highest figure yet attained. Perhaps the most satisfactory feature that can be quoted of Italian progress is the great increase of the sums deposited in Savings banks. They now reach £34,000,000, a considerable advance during the period we are considering. Of the equilibrium at last attained between expenditure and revenue, of the approaching abolition of the paper currency, and of the steady and remarkable rise in the public funds, despite the heavy taxation to which, as we have said, they are exposed, the Italians have much reason to be proud. In 1872 the highest point these reached was sixty-nine and one-half. During the present year they have touched ninety. No more conclusive proof could be adduced that, though the increase of wealth in Italy may not be so great as its best friends would desire to see, *e pur si muove*, and the world entertains sufficient confidence in the resolve of the Italian people, no matter what their poverty or what their imposts, to meet their obligations and maintain a reputation for financial integrity. It is, moreover, an encouraging symptom, that the export of coal and cotton yarn and twist from this country to Italy is steadily on the increase; a fact incompatible with either retrogression or stagnation in Italian manufacturing industry. Railways are being steadily made, and Italy now possesses between five and six thousand miles of what the Italians call iron roads. But no one can travel in Italy without observing that many of the railways are badly constructed and imperfectly kept in repair. Cavour was in a hurry to "make Italy"; so he asked no questions about money when a *plebiscite* was to be held or a province to be annexed. In the same way, Italy was in a hurry to have railroads; and, provided she got them, she troubled herself little about engineers' estimates and contractors' work. She is now paying the penalty of her patriotic precipitation. There are some splendid stations in Italy, as at Turin and Milan. But most of the intermediate halting-places show, in their buildings, a lamentable want even of paint and whitewash, and give the notion that the company—in many instances the State—to which they belong, is sadly out at elbows.

Still, with all the drawbacks that necessarily attend a community oppressed with taxation, and in too great a hurry to occupy

position for which its natural resources scarcely adapt it, all that is wanted to enable Italy to secure for herself that material progress without which, in these days, no State can be lastingly strong and exercise continuous authority, is a combination of energy and enterprise. As Lord Beaconsfield said in the House of Lords, when speaking of a strategic frontier for Turkey against Russia on the Balkans, that the only sure defence of nations is "the vital spirit of man," so the vital spirit of man is the only resource by the help of which Italy can overcome her commercial sluggishness. If the example of Turin were followed by the whole country, the question would soon be solved. In 1865, when Turin was deprived of its dignity and position as the capital city, great depression fell upon the brave sub-Alpine race, and its population sank from 220,000 to 200,000. Its population in 1880 had risen to 236,658 souls, and, as Mr. Colnaghi tells us in his excellent Consular report for that year, the old headquarters of the Court, the Government, and the Army, by all of which it had been abandoned, has since been converted into a flourishing industrial center. During the last ten years nearly 1500 new houses have been built in Turin; half a million of money having been spent in building in the two years 1877 and 1878 alone. "The streets," says Mr. Colnaghi, "are furrowed with lines of steam and horse tramways, which meet in the center of the city, and which are spreading their connecting links to the neighboring towns and villages. Their employment is also extending to the country districts of Piedmont." No fewer than thirteen tramway lines have been constructed for the service of Turin and the environs; and the average number of passengers carried per annum is 6,000,000. The rolling stock originally came from Belgium, but new cars are built by Messrs. Locati, in their works at Turin. The engines, however, came from Cassel; and, as we learn elsewhere, Germany continues to supply Italy with rails, telegraph wire, and machinery. Milan competes with Turin in extending its population, its borders, and its industry. During the last decade its population has increased by 40,000, and it now contains 300,000 souls. Milan is the headquarters of the Alta Italian Railway, and the piercing of the St. Gothard Tunnel cannot fail to add considerably to the importance and opulence of the old Lombard capital. But, as we move farther south, the record grows less pleasing. Florence has not recovered from the transfer of the capital to Rome; and Rome has not profited in a material sense by the transfer as much as might have been expected. The Florentines incurred enormous debts when the honor, of which they were by no means solicitous, devolved upon them. They improved the occasion still further to embellish their beautiful city, and the State has since had to recoup them a portion of this expenditure. The Tuscans are an easy-going rather than an ambitious people; and many of them regret the light taxation and cheap living of the good old days of Leopold, when everybody could lead a pleasant life if only he left politics and theology alone. In Rome the bulk of the population appeared to live pretty much as they did ten or even twenty years ago. Their houses remain the same in their spacious squalor; their food and drink are the same, for if wages are higher so are victuals and wine; and they are, without exception, the worst-dressed people of any capital city in the world. Away from the main thoroughfares one feels it hard to believe oneself in a capital city. Nevertheless, during the ten years that Rome has housed the Sovereign,

the Parliament, and the great Departments of State, much has been done to accommodate it to its new dignity, without depriving it of the more permanently interesting features that have made it alike for the student, for the artist, for the man of letters, and even for people of pleasure, the most delightful and attractive of all cities. We may lament, with Mr. Hare, the excessive passion<sup>e</sup> for neatness which, stripping from the Coliseum all the garb of natural beauty with which the merciful centuries had draped it, has made it for the present look rather like a new building not quite finished than an ancient building in decay; and we may be angry with the tidy Goths who have transformed the Baths of Caracalla, where Shelley wrote his *Prometheus*, into a sort of open-air museum, ticketed, labeled, and partitioned. But if we consider dispassionately all the Italians have done to preserve ancient and embellish modern Rome, we shall be obliged to confess that no little discrimination has been exhibited in the execution of a difficult task. The Via Nazionale, now the finest street in Rome, which runs from the Baths of Diocletian to the Corso, has been interrupted in one place in order to preserve a portion of the Servian Wall, which is embedded in shrubs and flowers, and has been diverted in another in order that it might skirt the Piazza that contains the Column of Trajan. The excavations in the Forum are being prosecuted with steadfastness and learning, without injuring, indeed to the benefit of, the traffic that passes along the Sacred Way. On the Janiculum, a drive, lined with parterres and shrubberies, through which wind grassy paths, has been constructed, from which with a view of Rome, the Campagna, the Alban and Sabine Hills, is to be had, that is matchless for natural beauty and classical associations. In Rome, at least, the motto of the Italian seems to have been, "Chi va piano va sano." Between Santa Maria Maggiore and the gate of San Lorenzo, a new quarter has sprung up, whose streets bear the name of the most illustrious contributors to Italian unity, whether with the pen or with the sword. If only Naples could boast a more satisfactory progress, and Venice could be roused from a sluggishness that seems borrowed of its waters, the story of the principal Italian cities during the last ten years would be a cheerful one. But the two Sicilies, which together contribute a third of the population of Italy, lag behind the other provinces in almost every particular. It was hardly to be expected that their evil traditions of sloth, apathy, and superstition, would be got rid of in twenty years. Yet even here something has been done during the last decade. But the motto of Italian statesmen, more particularly as regards the southern portion of the kingdom, should ever be

Nil actum credens dum quid supereset agendum.

The principal problem, however, weighing upon the minds of thoughtful and patriotic Italians, is the condition of agriculture, which, as we have said, is the chief staple of Italian industry; and with the condition of agriculture is necessarily associated the condition of the agricultural laborer. We have spoken of the heavy weight of taxation that prevails in Italy, and unquestionably the burden is imposed with most relentlessness on the land. Here is what Mr. Beaucherc, in one of his reports, says of Lombardy, notoriously one of the richest portions of the peninsula, and of Virgil's still "miserae Cremonae":

The fertility and prosperity of this fine region is counteracted, however, by the monstrous taxes imposed upon it. Reference has been made to this subject in my previous report, and I recur to it only to give further proofs of the

enormity of the taxation by means of one or two cases in point. In some provinces of Lombardy, under old valuations, the taxes amount to forty or forty-five per cent., not of the valuation merely, but of the net returns. This is especially the case in the lower plains. In Cremona the taxes are more out of all proportion to the returns than in any district in Europe; and they rise to sixty per cent. on the net returns, not of the variable production of the year, which may be very large or very small, but on the fixed basis of the nine or twelve years' lease valuations as obtained by public auction. For instance, the Great Milanese Hospital, which is the largest land-holder in the basin of the Po, is taxed to the extent of thirty-five and one-half per cent., exclusive of the expenses of administration.

The average amount of land-tax paid by every Italian is 9 fr. 15 c., by every Lombard 12 fr. 13 c., and each inhabitant of the province of Cremona has the unjustifiable privilege of paying 18 fr. 55 c., though many territories are richer than his!

The principal beneficent institutions of Cremona holding land are taxed nearly forty-one per cent., exclusive of administration charges, whilst some have to pay forty-five, forty-eight, fifty-nine, and even sixty-five per cent. on the rent valuations.

When expenses of annual repairs, maintenance, and administration, are added to this abnormal weight of taxation, the net returns sink to zero. Again, the taxpayer receives the visits of the collectors regularly every two months, and the payments for maintenance and repairs cannot be postponed, whilst it is the rent return which is invariably delayed in a case of a bad year or what not. Hence a small owner is often poorer and less safe than a ploughman and his family on a good estate.

The flagrant injustice of such taxation as this is known and recognized by all. Cremona seems predestined to spoliation ever since Octavius confiscated the province for his veterans. Not until real reparation is given for the hardships complained of will the people be able to say, with more truth than Virgil did, *Deus nobis hæc cotia fecit*.

A Commission has been appointed by the Legislature to collect data for a Project of Law for the readjustment of the Land Tax, and originally it was intended that the work should be done in ten years. But from a despatch by Sir Augustus Paget to Earl Granville, of the 2d of July of this year, it appears that the period has been extended to twenty years, during which time, it is computed, the labor of three hundred civil engineers will be required. Surely this is a case in which there will be danger of the steed starving while the grass is growing. Is it wonderful if, laboring under the burden of such imposts, the landowners of Italy can do little or nothing for the improvement of their estates, and if the smaller proprietors, and those holding under the *mezzadria* or *métayage* system are in still worse case? In some of the most fertile districts of Italy, wages are miserably small, food is pitifully poor, and the general condition of the laborer deplorable. In the province of Mantua huts are to be met with, built of mud and thatched with canes, after the manner of the dwellings of Australasian aborigines. Heavy mortgages, family settlements, and the cost of registration fees on each transfer or lease conspire to render it impossible for a landowner to do anything towards the improvement of these wretched tenements. Nor must it be supposed that these evils spring in any degree from the accumulation of land in few hands. On the contrary, the compulsory division of property among all the children of the possessor prevails in Italy as in France; and there is no mischief more frequently referred to by those who have reported on the subject than this division and subdivision of land, with the consequent diminution of capital for its cultivation.

## THE CLEARING SYSTEM IN THE UNITED STATES.

The following article written by Robert W. Barnett, and published in the London *Journal of the Institute of Bankers*, showing what an intelligent Englishman, who has thoroughly investigated our clearing system, thinks of it, may be profitably studied in connection with Dudley P. Bailey's elaborate articles on the same subject which appeared in the *BANKER'S MAGAZINE*, June, 1881, and March, 1882.

Less than thirty years have elapsed since the establishment of the first Bankers' Clearing House in the United States, and already the development of the system has far outstripped that of the United Kingdom. Whether we consider the number of the associations or the magnitude of their transactions, we shall find them alike remarkable. In New York during 1881 the clearings were larger by fifty per cent. than those of London; whilst there are at least six cities whose exchanges exceed, in some cases by many times, those of Manchester. The adoption of this practical economy has been now extended in one form or another to twenty-nine cities. The number of banks thus associated is four hundred and fifty-eight, few, indeed, as compared with the whole number of bankers in the country, but representing about two-fifths of the whole banking capital. Practically, the transactions of a much larger number of banks are included in these arrangements. In several cities other banks clear on both sides through members of the various associations; in other cases the business of many banks in the surrounding district is conducted through a central clearing city.

There are upwards of two thousand National banks distributed throughout the country, all of which have agents in one or other of the Reserve Cities, and generally in New York or Boston also. There are besides nine hundred and seventy-eight State banks and Trust Companies acting as bankers, and more than three thousand private bankers. These six thousand banks are all separate institutions and thus the internal transactions of any one of them must form but a very small part of its whole business. With so large a number of banks the Clearing House becomes a positive necessity, and not only is the number of these institutions thus considerably multiplied throughout the country, but they appear to become the means of exercising a greater amount of mutual control and supervision among their members than has been the case with ourselves. In New York, and in some of the other cities, the Associated banks publish through the Clearing House weekly reports of their position; of the amounts of their loans and discounts; of specie and legal tenders held; of their circulation, and of their deposits.

In New York, in particular, the action of the Clearing House as a body has at times been of the utmost importance to the interests not only of the Associated banks themselves, but also to the whole business community.

The New York Clearing-house Association was organized in 1853, and commenced operations on the 11th of October in the same year. It then consisted of fifty members, which number

was not exceeded during the first ten years, but in 1858 fell to forty-six. Since 1868 their number has varied from fifty-seven to sixty-one, at which it stands now. These include forty-six banks organized under the National-bank Acts, and fourteen banks organized under the laws of the State of New York. The Assistant Treasurer of the United States at New York is also a member. Nine other banks in the city clear, on both sides, through various members of the Association. The total number of National banks in New York City is forty-eight, and of State banks twenty-one; they are thus all represented in the Clearing House. The number of private bankers in the city is about four hundred and fifty, but they are none of them members of the Association: although acting as bankers, it would appear that their business is hardly that of ordinary commercial banking. They hold amongst them about six millions sterling of deposits; about one-tenth of the amount held by the National and State banks.

Each bank is entitled to be represented at all meetings of the Association by one or more of its principal officers, but has only one vote. A general meeting is held in October of each year, but special meetings may be called at any time by the Standing Committee if they think fit, or if they are requested to do so by any seven members. The Standing Committee, consisting of five bank officers, elected annually by ballot, is entrusted with the charge of the funds of the Association, and the general supervision of the Clearing House affairs. Another Standing Committee, consisting also of five bank officers appointed in the same way, receives and considers applications for admission into the Association; but admission is only granted by a meeting of the Association generally, and upon the vote of three-fourths of those present. New members are required to pay an entrance fee according to their respective capitals, as follows:

Banks whose capital does not exceed.....	£ 100,000	shall pay	£ 200
Exceeding £ 100,000 and not exceeding.....	200,000	"	400
" 200,000 " " .....	400,000	"	600
" 400,000 " " .....	600,000	"	800
" 600,000 " " .....	1,000,000	"	1,000
" 1,000,000 " " .....		"	1,500

Any bank afterwards increasing its capital is required to pay an additional fee corresponding with these rates. The annual expenses of the Clearing House (not including the expense of printing for the several banks, which is apportioned equally) are borne as follows: Each bank is assessed forty pounds; and the balance after that amount, *pro rata*, according to the average amount sent by them to the House, during the preceding year.

Two other Standing Committees are appointed, each consisting of five members, elected annually. A majority of one of these committees has power, in conjunction with a majority of the Clearing-house Committee, to suspend temporarily any member of the Association. The other, the Committee of Arbitration, hears and determines all disputes that may be submitted to it. In the annual re-appointment of these committees, at least two members of each are new members; the two senior members retiring with that view, but being again eligible after an interval of one year.

But few steps in the history of the Clearing House call for any remark. It will be remembered that a general suspension of specie payments took place throughout the Union, at the close of 1861, and

from that time the transactions of the Clearing House were on the currency basis. In 1872 a special exchange was established for clearing checks payable in gold, but this was discontinued upon the resumption of specie payments on 1st January, 1879. In 1878 the Assistant Treasurer of the United States became a member of the Association, and as he is generally debtor to the Clearing House and pays in gold coin, the House becomes the intermediary by which new coinage is distributed to the public.

The arrangements of the New York Clearing House are so different from any of those to which I have yet referred, that, in order to describe their operations, I cannot do better than give an account as furnished to me by the kindness of Mr. W. A. Camp, the manager of the establishment:

The clearing room is about eighty feet long by thirty wide, and is provided with a continuous line of desks, sixty-one in number, one for each bank, each desk bearing the name and number of the bank by which it is occupied, the banks being numbered according to the date of their organization. Each bank is represented every morning by two clerks; one, a messenger, who brings with him the checks, drafts, etc., that his bank has received the day previous upon the other banks, assorted for each bank and placed in envelopes. On the outside of each envelope is a slip on which is listed the amounts of the various items it contains. These envelopes are arranged in the same order as the desks for the several banks. The messengers, sixty-one in number, take their places in a line outside the line of desks, each opposite the desk assigned to his own bank; while on the other, or inside, of the desk is a clerk with a sheet containing the names of all the banks arranged in the same order, with the aggregate amount his messenger has against each bank. The hour for making the exchanges is 10 A. M. Just previous to that time the manager or one of his assistants takes his position at an elevated desk that overlooks the whole room, and calls the house to order. At a signal from a bell, struck precisely at 10 o'clock, each messenger moves forward to the desk next his own and delivers the envelope containing the checks, etc., for the bank represented by that desk to the clerk on the inside, together with a printed list of the banks in the same order, with the amount opposite each bank. The clerk receiving it signs his name opposite that of the bank he represents and returns it to the messenger, who immediately passes it to the next desk and so on, until he has reached his own desk, the starting point, having made a circuit of the room and delivered to each bank the exchange he had for them. Every other messenger does the same, the whole line moving on at the same time; in other words, each messenger has visited every bank and delivered to each everything his bank held against them, taking a receipt from each; while the clerk upon the inside has, of course, received from every other bank the amount each had against his bank. This operation takes exactly ten minutes. The clerks after receiving the envelopes containing the checks, etc., and which are not allowed to be opened or disturbed at the Clearing-house, immediately enters from the slips, upon their own sheets, the aggregate amount from each bank, the difference between the total amount they have received and the total amount brought by them being the balance either due to or from the Clearing house and by or to each bank. The messengers then return with their exchanges to their banks, reporting their condition, Debtor or Creditor, as the case may be. The clerks report to the Assistant Manager the amount they have received, they having reported the amount each brought upon first entering the room. These amounts are entered by the Assistant Manager in separate columns in what is termed a "proof sheet," and if no error has been made, the Manager finding the columns agree announces that the "proof is made," and the clerks return to their respective banks. If any difference appear on the proof sheet, the clerks are required to revise their work until the error has been discovered. Thirty five minutes are allowed after the delivery of exchanges for the clerks to enter and prove their work, and for errors discovered after that time fines are imposed.



Any errors occurring in the charges are settled directly between the banks concerned, and not through the Clearing House.

Unpaid checks or drafts, or any items that may be wrongly delivered, must be returned the same day before 3 P. M., direct to the bank presenting them, the amount being immediately repaid in gold coin or legal-tender notes. But any articles to be refused for want of indorsement, or for any other informality, may, if certified by the bank refusing them, and if not exceeding £1000 in amount, be returned in the exchanges of the following morning.

The balances due having been reported, the Debtor banks must pay their respective amounts to the Manager at the Clearing House before 1.30 P. M., either in coin, in coin certificates, or in legal-tender notes. As soon as this has been done, the Creditor banks receive the various sums due to them, at the same place, and in the same manner.

Gold coin, when used for payment of balances, is generally packed in bags, each containing \$5000; which are sealed and bear the name of the bank paying them out, and the date of payment.

Even in this form there is considerable loss by the abrasion of the coin. In Boston, it has recently been estimated that upon £1,400,000 of gold held by the banks, there is a loss of about £3000 per annum. The bags being passed from bank to bank, the constant friction in handling and weighing wears away the edges and faces of the coin, until in time a bag falls short in weight and causes much trouble in determining which bank is responsible for the deficiency.

The coin certificates used were formerly those issued by the Government for gold coin deposited in the Treasury, but the issue of these was discontinued in December, 1878,\* and the New York Clearing-house, in October, 1879, established a depository of gold coin for the convenience of its members. The vaults are in the Bank of America, and their full capacity is about eight millions sterling, which amount is, or was recently deposited there. The certificates are issued by the Bank of America on behalf of the Association, and are of the denomination of one, five, and ten thousand dollars each. No amount or proportion of these deposits is prescribed for any of the banks, it being entirely optional whether they hold any of the certificates or not. Formerly the Treasury issued also certificates of deposit of legal-tender notes, but these are no longer used, the notes being fully in circulation throughout the country. The legal-tender notes are also comparatively scarce in New York, and enter very little into the clearing settlements.

During the year ending 1st October, 1881, the balances paid amounted to £355,200,000. Of this amount £278,993,200 was in Clearing-house certificates: £1,722,800 in legal-tenders; and £74,484,000 in gold coin. On one day in 1879 the amount paid to and received from the Clearing House was £1,660,000, and weighed about fifteen and one-half tons. On another day the Assistant Treasurer alone paid to the Clearing-house banks one million

\*Silver certificates have been issued by the Treasury since 1878, but they were excluded from the Clearing-house settlements by resolution of November, 1878. By section 12 of the National Banking Act of the present year the issue by the Treasury of gold certificates is directed to be resumed; and, in accordance with another clause of the same section, the New York Clearing-house Association has withdrawn the above-mentioned resolution respecting the silver certificates.

sterling, weighing more than eight tons. The cost and labor of handling and delivering these large quantities of coin must be very great, and there would seem to be room for the exercise of some ingenuity to find a suitable mode of economizing in these respects.

The record of the transactions of the New York Clearing House is very complete, and is given by calendar years in the following table. In the same table is quoted, year by year, the number of Clearing Houses in the United States, and the total of their transactions.

000 omitted thus—£ 9409—£ 9,409,000.

	New York.				United States.		
	No. of banks	Capital.	Exchanges.	Balances per cent. of exchanges.	Whole No. of associations.	No. of associations reporting.	Total ex- changes re- ported.
		£.	£.				£.
1853—from Oct. 11th	—	—	260,973	5.5	1	1	260,973
1854	50	9,409	1,159,729	5.1	1	1	1,159,729
1855	48	9,777	1,134,734	5.3	1	1	1,134,734
1856	50	10,577	1,469,365	4.7	2	2	1,689,536
1857	50	12,884	1,439,218	4.8	2	2	1,718,287
1858	46	13,429	1,075,230	6.3	5	3	1,443,138
1859	47	13,584	1,319,765	5.5	5	3	1,813,857
1860	50	13,681	1,478,767	5.2	5	3	2,004,415
1861	50	13,780	1,103,276	6.5	6	4	1,501,485
1862	50	13,675	1,546,974	5.6	6	4	2,024,929
1863	50	13,795	3,485,540	4.2	6	4	4,088,481
1864	49	13,717	5,128,007	3.7	6	4	6,010,693
1865	55	16,073	5,171,592	4.0	8	5	6,087,400
1866	58	16,474	6,203,310	3.6	11	7	7,326,945
1867	58	16,354	5,161,247	4.2	12	7	6,127,459
1868	59	16,454	6,231,943	3.8	13	7	7,280,123
1869	59	16,544	7,108,218	3.0	15	9	8,313,021
1870	61	16,724	5,417,250	3.9	15	9	6,553,409
1871	62	16,884	6,128,601	4.1	16	10	7,525,741
1872	61	16,884	7,273,914	4.1	18	12	8,755,254
1873	59	16,674	5,968,007	4.5	20	12	7,633,483
1874	59	16,327	4,890,008	5.5	21	13	6,474,534
1875	59	16,087	4,862,759	5.7	21	15	6,572,090
1876	59	16,346	4,295,311	6.1	24	18	6,035,071
1877	58	14,217	4,760,130	5.7	26	22	6,502,609
1878	57	12,722	4,480,226	5.9	26	24	6,120,158
1879	59	12,160	5,847,129	5.0	26	24	7,830,089
1880	57	12,095	7,722,806	4.0	29	26	10,144,923
1881	60	12,233	9,875,377	3.5	29	27	

In connection with these large annual transactions, some special features of trade and banking in New York should be carefully borne in mind. Especially we must notice that, from 1862 to 1878 inclusive, business was conducted in paper money, and the amounts recorded are in currency value. During that period the fluctuations were very numerous and very wide, the paper dollar falling even to one-third of its nominal value; and, therefore, to compare the figures for some of these years with the clearings of other countries, very large reductions would have to be made.

Another point to be considered is the enormous proportion of speculative transactions constantly taking place throughout the States, though more particularly in New York. In 1881 it was estimated that of the total transactions of that city in cotton and grain only one twenty-fifth part was for real trade. The extraordinary magnitude of their stock speculations is well known, and it

was calculated that, of the total clearings in New York on a certain day of last year, three-sevenths were on account of stock speculations. This calculation would probably be applicable to the whole year, as the day was not specially selected with any view to this estimate, and the Stock Exchange in New York has no fixed settling days.

The largest amount cleared on any one day was on 28th November, 1880, when the exchanges amounted to £59,164,000; the largest amount previously reached having been £40,511,000, on 3d November of the preceding year.

The progress of 1881 has not been fully sustained during the present year. For the first six months of 1882 the clearings have been £4,578,670,000, against £5,215,417,000 in the corresponding period of last year.

The transactions of the gold clearing from 1872-1879 are included in the amounts quoted in the foregoing table, and are also given separately below :

1872..	£ 307,091,000	..	1874..	£ 445,366,000	..	1877..	£ 503,074,000
1873..	303,093,000	..	1875..	367,688,000	..	1878..	508,491,000
			1876..	378,453,000			

As I have already stated the other Clearing Houses are twenty-eight in number, and by the kindness of their respective managers I have been furnished with some particulars of almost every one of them. It will be unnecessary to give any description of their method of doing business, as the plan of operations is generally similar to that adopted in New York; in some of the larger cities the arrangements are almost identical.

In most cities the exchanges are conducted at a Clearing House; but in Providence, Hartford, Memphis, St. Paul, Lowell, and some others, they are made at the banking house of one or other of the members. The hour for exchange is generally early, at Philadelphia so early as 8:30 A. M., and in but two cities is there a second clearing. In all cases the charges are delivered complete, and with lists of the items, excepting at New Orleans and San Francisco, where the total amount only is given. The drafts are generally placed in sealed envelopes, and these are taken unopened to the various banking offices; at Louisville and Portland only are the charges examined in the Exchange Room. Generally about three hours are allowed for the examination of the drafts, such as are unpaid being returned to the banker presenting them and the amounts claimed in cash. At Louisville alone are they returned through the Clearing-house.

Balances are settled for in various ways. At Boston, Philadelphia, and Baltimore, depositories of gold coin have been established, and coin certificates are used in payment of the balances, together with cash (*i. e.* gold coin and legal-tender notes); and at Philadelphia due bills are also taken. In most cases, cash, as defined above, only is taken; at San Francisco, gold coin alone; at Chicago, National-bank notes are received. In St. Louis, New Orleans, Louisville, and some other cities, the balances are not paid at the Clearing House, but by the manager's check or certificate on the Debtor banks, and in favor of the Creditor banks. At Hartford, checks on New York are given; at Worcester, checks on Boston; and drafts on either of these cities form the medium of settlements at Providence, Portland, and Springfield.

The following table gives particulars respecting the chief points of interest in all these institutions. The returns of amounts cleared during 1881, have been reduced by one-half in the cases of Cincinnati, Milwaukee, Louisville, and Kansas, as the amounts reported from these cities include both sides, that is, the exchanges brought in and those taken away.

000 omitted—thus £ 12,233 = £ 12,233,000,

Date of establishment.		No. of banks.	Capital.	1881.		Hours of clearing.	
				Clearings.	Balances, per cent. of clearings.		
			£	£		A. M.	P. M.
1851..	New York.....	60	12,233	9,875,377	3.5	10.00	—
1856..	Boston.....	51	10,000	846,652	12.3	10.00	—
1858..	Philadelphia..	30	3,376	543,266	9.0	8.30 and 11.30	—
1865..	Chicago.....	18	1,513	449,819	9.5	11.00	—
1868..	St. Louis.....	18	2,339	166,526	15.2	10.00	—
1868..	Baltimore.....	20	2,433	146,490	16.5	†	—
1876..	San Francisco..	14	4,000	119,739	20.9	10.00	2.00
1872..	New Orleans..	10	940	101,200	9.9	9.00	—
1866..	Cincinnati.....	47	1,597	†90,352	15.0	—	2.00
1866..	Pittsburgh.....	18	1,993	77,834	20.2	†	—
1865..	Providence.....	37	3,613	43,459	21.0	10.30	—
1868..	Milwaukee.....	9	315	†36,039	17.8	10.15	—
1876..	Louisville.....	20	1,668	†39,633	16.4	—	1.00
1871..	Indianapolis..	14	700	21,615	27.0	†	—
1858..	Cleveland.....	8	2,060	20,623	25.0	—	1.00
1871..	Hartford.....	14	1,582	16,357	28.7	—	—
1873..	Kansas City.....	6	340	†13,680	25.0	noon.	—
1867..	New Haven.....	10	953	†11,771	24.8	†	—
1865..	Portland.....	6	610	†10,000	44.0	10.00	—
1868..	Columbus.....	15	128	†10,430	19.8	†	—
1880..	Peoria.....	8	210	†10,361	25.0	11.15	—
1879..	Memphis.....	6	296	9,045	22.8	9.00	—
1861..	Worcester.....	8	490	7,845	33.6	—	2.30
1877..	St. Joseph.....	4	54	8,728	30.0	†	—
1872..	Springfield.....	9	660	7,514	30.7	11.00	—
1876..	Lowell.....	7	500	4,825	37.5	11.00	—
1877..	Syracuse.....	9	266	3,818	37.0	—	—
1874..	St. Paul.....	7	521	—	—	10.30	—
—	Norfolk.....	5	90	—	—	†	—
	Totals.....	458	55,484	12,693,448			

† Corrected amounts.

‡ April, 1881, to April, 1882.

\* Estimated.

† No report as to hours.

The aggregate returns for the first six months of 1882 do not compare favorably with the above figures, being only £5,918,771,000; showing, as compared with the same period of 1881, a decrease of over nine per cent. This must not, however, be taken as a direct indication of the position of the general trade of the country. The greater part of the decrease occurs in the operations of New York and Boston, whilst Chicago, Milwaukee, and Kansas City show considerable percentages of increase. Leaving out the returns from the two first-named cities, those from the remainder exhibit an increase of 7.7 per cent.; not, indeed, equal to the considerable advances of recent years, but still affording some reason for congratulation. Perhaps the same may be said of the figures from New York and Boston. Subjoined are details of the comparison:

<i>Increase.</i>		<i>Decrease.</i>	
Philadelphia.....	1.3 per cent.	..	New York..... 12.2 per cent.
Chicago.....	17.7 "	..	Boston..... 14.8 "
St. Louis.....	8.5 "	..	Baltimore..... 9.4 "
San Francisco.....	14.0 "	..	New Orleans..... 2.5 "
Cincinnati.....	15.3 "	..	Indianapolis..... 1.2 "
Pittsburgh.....	17.9 "	..	Memphis..... .8 "
Providence.....	6.9 "		
Milwaukee.....	22.2 "		
Louisville.....	2.8 "		
Cleveland.....	21.6 "		
Hartford.....	13.8 "		
Kansas City.....	47.6 "		
New Haven.....	15.6 "		
Columbus.....	24.0 "		
Worcester.....	14.9 "		
Springfield.....	15.5 "		
Lowell.....	23.9 "		
Syracuse.....	22.4 "		

In the records of their transactions most of these Clearing Houses are very complete, and generally make them up for calendar years, the only exceptions being those of Cincinnati, ending 31st March, and New Orleans, ending on the 1st June. At Peoria, where the clearing was only established in April, 1880, no record of amounts cleared was kept until April, 1881, and the amount now quoted is from that date until April of the present year; it remains to be seen whether future reports will be made up thus or by calendar years. In a few other cases, among which Baltimore and Cleveland are the most conspicuous, the returns do not date from the establishment of the system, but commence some years later. From Portland and from Providence, previous to 1881, estimates only are obtainable, in both cases the clearing being conducted through individual banks.

At Providence, the system, which dates from 1865, is peculiar to itself. Nineteen banks are associated with the Merchants' National Bank there, and eighteen with the National Bank of North America. Each of these two banks receives, at 10.30 A. M., from all the banks clearing through it, packages containing unassorted checks on all the banks in the city. These packages having been opened and the contents checked against the lists enclosed, the drafts are assorted and made up into other charges against each bank in the city. At 1 P. M. those packages that have been made up by the Merchants' Bank against the Bank of North America and the banks clearing with it are exchanged for the packages similarly made up by the other bank; and whichever bank proves to be the debtor pays by draft on New York or Boston, afterwards settling with its own clearing banks in the same manner. The compensation paid by each bank to the Clearing-house Bank ranges from twenty pounds to fifty pounds per annum.

---

MAINE SAVINGS BANKS.—The Maine Bank Examiner reports a prosperous year for the fifty-five Savings banks of the State. In 1878 and 1879 the deposits decreased, but in 1880 there was a reaction. The increase in that year was nearly two million dollars. In the following year the gain was nearly three million dollars, and for the year closing November 1 the increase was still greater. There are more than ninety-five thousand depositors. Every bank but one declared a dividend the past year.

## TREASURER POLK'S CRIME.

The announcement was made early in the month that Marshall T. Polk, State Treasurer of Tennessee, was a defaulter to the extent of about \$400,000. Mr. Polk enjoyed an excellent reputation for integrity, and a high social position. He is a nephew of President Polk, being one of the two nearest surviving representatives of the late President. He is between forty-five and fifty years old. He lost a leg in the Confederate service. A year ago, in view of the large amount of money on hand, an effort was made to increase the Treasurer's bond. The bill passed the House, but while pending in the Senate the Clerk's desk was broken open, and this bill was stolen and was never found. As the Legislature was then on the eve of adjournment for the session, this defeated the bill. Who stole the bill has never been ascertained. It was then suspected that affairs were not right, but the friends of Treasurer Polk succeeded in defeating a legislative resolution providing for an investigation into the affairs of his office. On the 4th of January both branches of the Legislature appointed a committee to examine the books of the State officers. This is a customary proceeding, but it was noticed that the unusual provision of employing an expert accountant was embraced in the resolution. The next day the committee presented the following report:

"The Joint Select Committee to settle with the Comptroller and Treasurer beg leave to report that they have visited the office of the Treasurer, and upon inquiry find that the Treasurer is away from the Capitol and has been for two days, and they are not advised when he will return. They find his clerk, who states that he cannot go into a settlement of the Treasurer's accounts till his return. They also have information from the bondsmen, or some of them, that the condition of the Treasury is such that they feel justified to recommend that the workings of the Treasury be stopped until an examination can be had."

A resolution was at once adopted ordering an investigation. The report states that owing to the testimony adduced by Capt. James C. Fleming, the confidential clerk and book-keeper of Col. Polk, the committee was enabled to find how the funds of the office were expended. When Fleming entered the employ of Polk, in March, 1878, there was a deficit of from \$20,000 to \$40,000 in the Treasurer's accounts. The deficit became larger as time passed by, and when the bill settling the State debt at one hundred and three was passed he was very far behind. Just before the passage of this bill, in 1881, Polk was a defaulter to the extent of \$41,000, but, nevertheless, he settled with the legislative committee. Thomas O'Conner, who was one of his bondsmen, and President of the Mechanics' National Bank, of Knoxville, furnishing him with \$15,000 in money, and a certificate of deposit on his bank for \$26,000. After the adjournment of the Legislature, Polk returned both the money and the certificate to O'Conner.

When the Legislative Committee examined his books in April, 1882, Polk's deficit was \$216,520. Checks to the amount of \$50,000 on various State depositories were deposited by Polk in the First

National Bank of Nashville, and the bank was asked to delay the presentation of them for a short time. While doing as requested the bank declined to credit him on the books. The credits were entered by Polk on his books, and the committee thought all was right and so reported. Although the First National Bank of Nashville refused to assist him as wished, the Nashville Savings Bank gave him a false credit of \$33,979.75, the credit appearing on Polk's books and on those of the bank. False credit for \$57,550 was given him at the Merchants' National Bank of Nashville, as the books showed. False credit for \$30,000 was given on the books of the Mechanics' National Bank of Knoxville, and for \$45,000 on the books of the Bank of Columbia. These banks are State depositories. The Legislative committee passed upon his accounts and said they were correct. A statement was made to the committee by the President of the Merchants' National Bank, to the effect that the checks which were to be held over for a few days were given to the bank by Polk. The officers of the bank thought everything was right and held the checks.

The action of the banks in giving false credit is severely criticised by the committee, who suggested to the Attorney-General of the State the advisability of taking steps to recover for them the amount of the deficit since the time the false credits were given. It is claimed by the committee that Polk's deficit would have been discovered but for this action of the banks, and \$200,000 would have been saved. The investments made by Polk are given. Polk visited New York last summer to fund State bonds, under the Act settling the debt at sixty and sixty-six, and while there speculated in Louisville and Nashville stock with H. V. Newcomb. A large sum of money was lost by him in that way. Checks signed by Polk, and in favor of Newcomb, Pearl & Co., the United States National Bank, Hallgarten & Co., and Kohn, Popper & Co., were paid out of the Treasury by Polk's clerk under instructions. Polk was a member of a pool dealing in Memphis and Charleston stock, and suffered heavy losses. Polk took these checks with him when he fled. It is believed that between \$50,000 and \$75,000 went in this way. The committee state that the testimony showed that on frequent occasions O'Conner demanded money out of the Treasury and was always given what he wanted.

Fleming stated that Polk told him (Fleming) on one occasion that if he could ever get O'Conner's heel off his neck he would kill him. Many checks drawn by Polk and not countersigned by the Comptroller were paid, and the Attorney-General is ordered to prosecute the banks which honored them if it can be legally done. The Attorney-General is also ordered to take steps to recover money paid on checks to Newark parties. Fifty thousand dollars was invested in Mexican silver mines by Polk, who also invested \$10,000 in the Nashville American, and other sums in lumber interests in North Carolina and iron mines in Alabama. The deficiency of Polk is estimated at \$402,000. The committee think the State can recover part of this amount by collecting notes for \$150,000, due Polk by private persons, and by attaching his property.

The amount of checks irregularly cashed by the banks, as the committee claim, is nearly \$300,000. The law prescribes that a person having money due him from the State shall obtain from the Comptroller a payable warrant on the Treasurer for the amount. The Treasurer then files the warrant as a voucher, and issues a check

which must be countersigned by the Comptroller. These irregular checks were given by Polk, as Treasurer, payable to M. T. Polk without formality of countersignature of the Comptroller or the issuance of payable warrants by the Comptroller. The committee hold that the banks in paying these checks did so at their own risk, and that they are liable for the entire amount. One check in particular was for \$57,000, signed by Polk as Treasurer and made payable to Polk as an individual. On the *prima facie* evidence the banks are liable, and the committee say it must be shown conclusively that the funds realized were used for public purposes. Polk had a loose way of doing business, and nearly all of his transactions were in the manner indicated. In order to save trouble whenever he wanted to pay out money he would draw a check on a bank and in the morning cash his own check. Of course there will be endless litigation over this matter, as the banks will fight the State to the bitter end and carry the case to the Supreme Court, if necessary, in order to avoid being made liable.

Polk was unsuccessful in trying to escape, and it is to be hoped that he will be punished as he deserves to be. These transactions of the State Treasurer, the banks who aided him covering up his operations and in cashing his checks, and the conduct of the State in repudiating its honest obligations, altogether form a very extraordinary chapter in the history of American finance. We sincerely trust that it will not soon be repeated.

---

## CURIOSITIES OF THE ENGLISH EXCHEQUER.

The finance accounts of the United Kingdom, recently published, present some curious details, which throw light on many of the peculiar traditions of England. Among the miscellaneous receipts for the past year was "conscience money" to the extent of £ 5346. The technical description of this amount is "money remitted to the Chancellor of the Exchequer by sundry persons for conscience sake." From these unknown and reformed subjects of the Queen, who have tried to ease their minds by paying overdue obligations, it is a long step to the Bank of England, an institution of honor unstained, and respectability almost oppressive. The nation received from its directors the sum of £ 138,578 as their annual return for the privilege of issuing circulating notes. Another source of revenue was the Mint, which accounted for a profit of £ 167,000 on the coinage of silver, while the manufacture of penny pieces and half-pence brought to the Treasury nearly £ 31,000. The crown claims all wrecks and derelicts upon the coasts, when no owner appears for them, and from these fruits of disaster there came to the Government a profit of about £ 170. Certain guano islands produce nearly £ 11,000 each year. Convict labor was a substantial source of revenue. Farms cultivated by prisoners yielded a profit of £ 2300. Profits on convict manufactures were more than £ 16,000. Under the head of prisoners' labor is set down a further income of £ 8,000. The foreign office paid over to the Treasury £ 51,000 in fees from consuls. The sum of about £ 400 was received for passports, indicating that at the



usual price about four thousand of these official certificates were taken, though the custom is supposed to be falling into disuse. The exhibition of the crown jewels in the Tower, further helped the Government to the extent of £2776, through admission fees. For a small sum, a few favored people are permitted to have keys and use the Home park at Hampton Court and other royal enclosures, and this custom adds something to the revenue. Under the head of "Queen's household fees of honor" there is entered the receipt of £55 11s. 6d. The meaning of this item the London journal is unable to decipher.

The annuity and pension list in the division of expenditures assists in explaining to the loyal subject where the income goes which is exacted by taxation and received through investments and other sources. The royal family annuities amounts to £161,000, exclusive of the recent grants on the marriage of Prince Leopold. The civil list pensions require a yearly total of £22,589. The pensions given in consideration of military and naval services are of interest. At the head of the list are the descendants of the Duke of Marlborough, who receive £4000. The last entry on the list is the name of Lord Napier of Magdala, who is allowed £2000 annually during his life, which is to be continued during the life of his next surviving male heir. The whole appropriation to these pensioners is £38,166 yearly. Then come pensions for civil and political services. One annuitant, Vice-Admiral Lord Clarence Paget, receives 42s. per diem navy retired pay, but this modest sum is reinforced with a pension of £1200 as ex-first Secretary of the Admiralty. Three Lord Chancellors appear in the list of pensioners on account of judicial services, namely, Lord Cairns, Lord Hatherly and Lord Selborne. Being in office, the last mentioned is not receiving the grant. Lord Hatherly died last year. Thus Lord Cairns is alone in the actual enjoyment of the pension, which is £5000 a year. A county-court judge receives £1000. The total of the judicial pensions is £41,000. It is the practice of the department to calculate the fractional part of a year's pension to the day of decease. Lord Beaconsfield died April 19, and his heirs received in discharge of his claim the amount, to a penny, due on that year's account at the close of that day. The "hereditary pension" of the heirs of the Duke of Schomberg, associated with Thackeray's ballad, "The Battle of Limerick," amount to £984, while the heirs of Captain Garth are paid £1200 on account of a moiety of a pension granted in 1674. These cases are representative of the portion of the pension list in which British satirists and caricaturists have delighted. The descendants of William Penn are partakers of the Government bounty in accordance with an annuity granted in 1790 "forever." "Servants of her late Majesty Queen Charlotte" and of her royal husband are catalogued in this favored company. The civil list pensioners of George III survive in number sufficient to be entitled to about £1200 yearly; George IV's draw £3200; and those of William IV £1741. These instances are used to show that annuitants are long lived. Annuities and pensions, it is estimated, will require £405,000 for the current year. In the items of salaries is the entry of £83 to "the Right Hon. William Beresford as a keeper of the tennis court," but where that tennis court is nobody knows. The "effete monarchy" system is thus open to criticism and exposed to republican jests; but the readiest critics are the English themselves, who yet do not care to break with traditions whose cost is often rather amusing than burdensome.

## BUSINESS AND SPECULATION.

*The Public*, in an excellent review of the business of the year, entitled "A Year of Gambling," closes with the following forcible remarks with reference to transactions in oil and speculations generally.

The oil business, however, is the most remarkable form of gambling yet devised. The transactions at New York do not appear large, because hitherto a great part of them have been conducted in the exchanges at Bradford or Oil City upon telegraphic orders. The three markets together do a great part of the business, and an approximate statement of their transactions has been compiled from daily reports. The recorded sales only are given, and it is stated that the actual sales were often very much greater. Yet, in November, it appears, the recorded sales amounted to 311,832,000 barrels. The total product in that month was 2,297,658 barrels, so that about 135 barrels were sold for every barrel produced. In the fourth quarter of the year, the recorded sales were 646,969,000 barrels, while the total production was about 6,500,000 barrels, or one hundredth part as much. The entire stock in the country, about 34,000,000 barrels, was nominally sold two or three times over in every month after April, and nine times over in November.

This is the kind of business that has so greatly embarrassed the money market since August 1st, brought so many men to ruin and disgrace, and caused the failure of so many firms and banks. It is called trading. In reality, it is a worse form of gambling than any that has been hiding from the law, first, because it is countenanced by men who stand well in the world, and, therefore, easily corrupts the young and weak; second, because it absorbs a vast amount of the capital which is needed in productive industry; third, because it destroys the legitimate and healthful character of all trading in important branches of business, and leaves no market in which honesty and intelligence can expect a safe reward, and fourth, because it interferes incalculably with our foreign commerce, checks exports, tends to bring this country into debt to others, and thus threatens all industry and all business. It is said that this wild and wanton speculation in products is necessary, or at least unavoidable. We do not believe it. This kind of gambling has been tolerated only because it has not been called by its true name, and the commercial exchanges have been allowed to do as they please about it. All brokers are continually tempted to encourage business of every sort that brings a fee to them, whether it be legitimate or not. But it is high time for public opinion or public law to have something to say about the matter, when such transactions are in progress as have been recorded in the year 1882.

---

**PACIFIC NATIONAL BANK.**—Jesse F. Frisbie, one of the stockholders of the Pacific National Bank of Boston, has brought a bill against the Receiver to recover back \$10,000 paid for stock of the new issue, on the ground that it was illegally issued. The suit is considered a test one.

## BANK FAILURES IN NEW JERSEY.

On the 10th of January the City Bank of Jersey City did not open its doors for business, and it soon became known that the institution had been wrecked by faithless and dishonest officers. Those implicated are the president, Garrett S. Boice; his son-in-law, E. E. Shaw, cashier; and J. L. Beach, the bookkeeper. The bank has been in existence for fifteen years, and up to a few days ago was generally supposed to be doing a fair business and to be in good circumstances. On January 3d a statement of its condition was sworn to before Henry Traphagen, master in chancery, by the cashier, Shaw. In this statement the loans and discounts were set down at \$89,191.44, the currency and cash items at \$14,152.85, the amount due from other banks at \$7,521.61, and other items stated brought the total of resources up to \$116,014.32. In the way of liabilities there were \$60,649.74 of deposits and other items, which made up a total of \$66,014.32, exclusive of the \$50,000 of paid-up capital stock. The First National Bank of Jersey City acted as the Clearing-house agent of the City Bank. On Tuesday afternoon, President Young, of the former institution, learned of the shaky condition of the City Bank, and he returned some of its paper, which had been sent to be cashed. He insisted also on having ample security for the amount due to the First National. His demand was complied with, but the effort nearly cleared out all the vaults of the City Bank. Then the three officers of that institution whose names are given above, made a full confession to the directors and a large stockholder of their bank, which showed that they had been systematically overdrawing their accounts, until the amounts wrongly taken by Shaw filled up about \$46,000, and Beach's deficit amounts to \$3,500, making a total of \$49,500. As usual, the money had all been squandered in speculations in Wall Street. Deposits were received at the City Bank up to 3 P. M. on Tuesday. Among the depositors was Jeremiah F. O'Sullivan, the treasurer of the Board of Education of Jersey City, who placed \$14,000 in the institution and drew out only \$2,000. The money was intended for the payment of teachers and janitors. The City Bank's capital was \$100,000, but only one-half the amount was paid in, and according to the laws of the State the stockholders are liable for the other \$50,000.

The Fifth Ward Savings Bank, which is next door to the City Bank, has Boice for secretary and treasurer. Its doors were also closed to-day, and bore this notice:

"In consequence of the failure of the City Bank, this bank will be closed until the meeting of the board of managers and further notice is given."

The Savings bank deposits foot up \$500,000. During the afternoon the president and cashier were busily engaged in trying to discover the condition of that institution's affairs. They soon found out that Boice had taken from the vaults \$24,500 of Jersey City improvement and Bayonne City bonds, and had hypothecated them with the First National Bank. Upon making this discovery Mr. Traphagen, the president, and Henry Wood, a director, went be-

fore Judge Hiling and obtained a warrant of arrest against Boice, on a charge of embezzlement. The officers who went to serve the warrant, found Boice sick in bed. He was placed in the custody of an officer. A meeting of the Savings-bank managers was held to-night, and proved to be an exciting one. There was a large, clamorous crowd outside the doors, and they forced their way finally inside. They were addressed by Mr. Traphagen, and were told that they would be paid in full. This pacified them, and they left. As far as has been ascertained the loss to the Savings bank foots up about \$41,000. This includes \$16,000 money deposited in the City Bank. The total of the defalcations, as to the two banks, foots up over \$73,000, that being the amount misused by Boice and his associates.

---

## THE CONDITION OF BRITISH GOLD COINAGE.

An unwelcome light has been thrown upon the seriously depreciated condition of the British gold coinage by the Master of the Mint. In his last report to Parliament he states that, of the £1,000,000 of gold in circulation, about fifty per cent. is light, and that the deterioration in value amounts, on an average, to three pence in the pound. It therefore follows that £50,000,000 require to be recoined in order to restore its standard of value, and the cost of this process of supplying the deficiency of the precious metal, exclusive of the expenditure of recoinage, is estimated at nearly £650,000. The difference between the nominal and the metallic value of the half of the gold pieces in circulation at the present moment is, therefore, very material. Under the provisions of the Coinage Act the receivers of gold coins of less than "current weight" are required to cut or deface them, but it is a matter of public notoriety that for many years this law has been openly and systematically set at defiance. Eighteen years of constant use is prescribed by experts as the period beyond which no gold coin can retain its real value. All gold pieces should then, we are told, be withdrawn and recoinage. It is the disregard of this rule and the disobedience of the law which has brought the country face to face with what must be regarded as a serious state of matters. Since light coins were last withdrawn from circulation thirty-eight years have elapsed, and certainly the repetition of the experience of that event—by those who are old enough to remember it—is one by no means pleasing to contemplate. At that time the greater proportion of the depreciation fell upon the public, sovereigns being taken at the banks at a value varying from a penny to four pence below the nominal value. The question is whether a similar course of action should now be adopted, or whether the Exchequer should come to the rescue and defray the expense. It is no doubt a grievance that the last holder of a coin should pay for all the wear and tear of the last twenty years, but, if the recoinage is to be done, there is only too much reason to fear that, in the present sluggish state of the National revenue, the gift of £650,000 will frighten even so heroic a Chancellor of the Exchequer as Mr. Gladstone. Probably, therefore, the practice of 1842 will be renewed, and another burden inflicted on a long-suffering people.

## RAILROAD TAXATION IN NEW JERSEY.

The report of the State Commissioner on Railroad Taxation has been submitted to the Legislature. It is the first of the present Commissioner, A. M. Reynolds, and is an unusually interesting and valuable document. It says that the past year has been one of unusual excitement concerning the question which his duties call upon him to consider. He believes that the animosities which were noticeable have ceased to a large extent through mutual concessions. New Jersey has about 1800 miles of railroad, standing second only to Massachusetts, in her proportion of miles to area. The capital invested in New Jersey railroad property is \$214,068,349. The past year has been one of exceptional prosperity, the gross income amounting to \$36,000,000 and the income above all expenses reaching \$15,000,000.

The Central Railroad Company of New Jersey has taken the initial steps towards relieving itself of the embarrassments which forced it into a receiver's hands, and under its present wise management the Commissioner believes it will soon be restored to the management of its stockholders. The companies generally have shown much liberality to committees on their lines, with much advantage to the State. At least 18,000 persons are now employed on the railroads of the State, supporting probably 50,000 in all.

The Commissioner has declined to construe the law in reference to tax exemption for terminal facilities in the way claimed by the companies. Some of them have held that the termini of branch roads as well as of the main stem should be exempt, but this could not be allowed. The number of accidents on the railroads has been small, but a dangerous practice exists of permitting two trains going in opposite directions to enter a station at the same time, and the Commissioner thinks this should be forbidden by law, and a penalty provided. The returns of the assessors of railroad property are often defective and they should be compelled to make them in the form prescribed by the statute. They should also be required to make the reports promptly. For their greater convenience the law should be changed so as to permit him to report on June 30 instead of May 15 of each year. Collectors of cities and townships should also be required to render a yearly account of the local taxes unpaid by railroad companies, in order that action for their collection may be taken. Authority for the Commissioner to sue for unpaid taxes is asked, and the duties of the office generally should be enlarged. The railroad companies of the State pay local tax on \$16,257,587 worth of property at the rate of one per cent. The largest valuation is that of the Central Railroad, \$5,873,635; the second that of the Pennsylvania, \$4,566,879; the third that of the Erie, or Long-Dock Company, (New York, Lake Erie and Western), \$3,780,417.

The Commissioner's report concludes with the New Jersey laws on railroad taxation and abstracts of the laws of thirty-five other States in the Union. It is an interesting exhibit. The recommendations for increasing the powers of the Commissioner will probably receive the early attention of the Legislature.

## CURRENT EVENTS AND COMMENTS.

*INTERNAL CRYSTALLIZATION OF IRON.*

It is pretty well known that both iron and steel undergo, in some instances, an internal crystallization, which is apt to greatly affect the power of resistance of the metal. Mr. Bowler, in a paper read before the Cleveland Civil Engineers' Club, mentioned the case of a chain that was used for eight or ten years in a foundry to raise cases or castings. The links of that chain were made of half-inch iron, which must have had more than enough power of resistance for the object for which it was intended. One day it was discovered that a link had been broken. It was straightway taken to the forge to be repaired, when, lo and behold! it was found that the iron was so brittle as to break directly a link was struck on the anvil. However, on submitting it to red heat and letting it get gradually cool again, the metal would resume all its original virtues. This having been ascertained, the entire chain was subjected to a hardening process when the defective links had been repaired, and the original toughness of the iron was thus restored. So favorable was the result of this operation that the chain alluded to has now been in use again for three years, and works very well indeed. In this way crystallized iron may be rehardened, and its original power of resistance restored to it.

*RENEWAL OF WOOLEN MACHINERY.*

The *Statistician* makes known, on the authority of good judges, that a woolen mill requires thorough renewal every double decade. There are altogether 9000 sets of woolen machinery in the country. The number worn out and replaced every year is estimated at 450 sets. This includes 1300 or more cards and spinning mules, with 10,000 to 15,000 looms. The price of mules varies from \$750 to \$900, according to the number of spindles. To replace the mules worn out every year the sum of nearly \$1,250,000 is expended. The average durability of the machinery of a mill is about twenty years. The durability of different pieces of machinery varies. A set of cards used carefully may last half a century. The clothing on them may be renewed every five years. Looms are long lived. They may continue in use fifty years, but generally twenty years' service is about as much as they can render. The mules' average time of durability is fifteen years. A set of cards comprises generally from three to four separate carding machines. In manufacturing different styles of woollens there are thirty-five or forty different processes, and nearly every process calls into use a different kind of machine.

*SUPERSEDING CELLULOID.*

A new material has been invented which it is thought will supersede celluloid. It possesses all the hardness and brilliancy of the latter, and has the advantage of being fire-proof. It is made in this way: A solution is prepared of 200 parts of casein in 50 parts of ammonia and 400 of water, or 150 parts of albumen in 400 of water. To the solution the following are added: Quicklime, 240 parts; acetate of alumina, 150 parts; alum, 50 parts; sulphate of lime, 1200

parts; oil, 100 parts. The oil is to be mixed in the last. When dark objects are to be made from 75 to 100 parts of tannin are substituted for the acetate of alumina. When the mixture has been well kneaded together and made into a smooth paste it is passed through rollers to form plates of the desired shape. These are dried and pressed into metallic molds previously heated, or they may be reduced to a very fine powder, which is introduced into heated molds and submitted to strong pressure. The objects are afterwards dipped into the following bath: Water, 100 parts; white glue, 6 parts; phosphoric acid, 10 parts. Finally, they are dried, polished, and varnished with shellac.

#### THE VALUE OF IRON.

To show how cheaply iron is obtained, and how the mechanical skill and labor expended upon it exceed the price, a writer in the *British Quarterly Review* gives the following calculations:

Bar iron worth £1 is worth when worked into—

Horse Shoes.....	£ 2 10s.
Table Knives.....	36 0
Needles.....	71 0
Penknife Blades.....	657 0
Polished Buttons and Buckles.....	897 0
Balance Springs of Watches.....	50,000 0

Cast iron worth £1 is worth when converted into—

Machinery.....	£ 4
Large Ornamental Work.....	45
Buckles and Berlin Work.....	600
Neck Chains.....	1,386
Shirt Buttons.....	5,896

Thirty-one pounds of iron have been made into wire upwards of 111 miles in length, and so fine was the fabric that a part was converted in lieu of horse hair into a barrister's wig.

#### THE COMING METAL.

The *Gazette* of Birmingham, England, describes the aluminum works of Mr. James Webster, at Hollywood, which have cost about \$150,000 and produce a ton of alumina within one week, at a cost of less than \$500. But the orders outrun the capacity of the works twenty times. Mr. Webster produces "pure alumina, which is afterwards converted into chloride of alumina, from which in turn the metal is extracted by the ordinary process of fusion with sodium." In this way, iron and silica are got rid of, and some valued by-products are saved, especially certain blue dyes intended to rival indigo. Aluminum is finally alloyed with copper, silver or other metals, and produces a compound which is light and does not corrode. It gives to copper, or zinc, or tin, such properties as are to be obtained by no other means. It seems to soften their nature, while really increasing their strength and hardness. It enables them to resist such tests as are applied to silver and gold, preserves them from corrosion, renders them more ductile, and generally refines them. One consequence of the discovery of the new process of making alumina will probably be the rejection of all plated goods in favor of articles made of aluminum or bismuth bronze. Cups or dishes or spoons made of the latter have all the appearance of the best plated goods; they do not tarnish or lose their color, and they will wear through without any change in the look of the metal. As for German silver, even the best qualities compare very unfavor-

ably with tin which has received a dash of aluminum. It is in making bronzes that the works are almost wholly employed. These are almost endless in their variety, and they range in price from about 9d. to 20s. a pound. One of these bronzes is not at all unlikely to be extensively employed by the manufacturers of counterfeit coin. It closely resembles silver, it rings like a bell, and it can be cut with a knife. Of another of the bronzes can be made pianoforte wires which vibrate for ten seconds longer than the wires now in use. As to the degree of tensile strength obtainable, it has been proved by repeated tests that bismuth bronze will bear a strain of forty-two tons to the square inch, or fourteen tons more than gun metal, and twelve tons more than Bessemer steel.

#### *STREET CARS.*

Some interesting statistics of street-car business were brought out at a meeting held in Boston not long ago to form a National association of street-car officers. There are now doing business in this country and Canada 415 street railways, employing about 35,000 men. They run 18,000 cars, and more than 100,000 horses are in daily use. Calculating that the average life of a horse in street railway service is four years, it makes the consumption of horses 25,000 per year. To feed this vast number of horses requires annually 150,000 tons of hay and 11,000,000 bushels of grain. These companies own and operate over 3000 miles of track. The whole number of passengers carried annually is over 1,212,400,000. The amount of capital invested exceeds \$150,000,000.

#### *THE REVOLUTION IN THE FOREIGN EXPORT TRADE.*

The rapid gravitation of business towards the interior cities of the country has not been more marked during the past decade than has the extent and growth of direct trade between such cities and foreign countries. It appears that the number of these cities is some seventeen, quite a number of them having availed themselves of the privileges of the Act of 1880 permitting that trade. With a single exception (Memphis) every one of the seventeen showed an increase large in percentage, though not always large in amount.

Thus the foreign merchandise arriving at Chicago, according to the Bureau of Statistics, without passing through any seaport custom house, in 1882, was valued at \$6,273,532, against \$4,283,343 in 1881. At St. Louis the later figures were \$2,049,699, and the earlier \$1,704,710. The total for 1882 at Pittsburgh was \$1,693,710, and for 1881, \$1,381,166, and at St. Louis \$1,283,009, against \$524,842. No other city shows a seven-figured total, though several others show an increase of 100 per cent. or more. For all, the total was \$13,360,066, an increase of nearly forty-five per cent.

This quick and vigorous growth is suggestive of magnificent possibilities. The exports, too, even though shipped direct from the interior, are reported by the custom house as exports from the seaport; but it is shown that such exports from Chicago amounted to 616,718 tons, valued at \$49,320,000. From St. Louis the direct exports were valued at over \$16,000,000. From Minneapolis there were shipped directly abroad 1,181,322 barrels of flour, valued at \$8,700,000, and every company carrying freight has there an agent authorized to grant bills of lading through to every country which eats our breadstuffs.

If this phase of trade continues, it is obvious that some of the Atlantic seaports now claiming front rank in foreign trade, will have



to take a back seat and make room for cities lying in the valley of the Mississippi. The immense exports of wheat from Chicago, St. Louis and Minneapolis accounts in part for the falling off of wheat exports from several Atlantic seaports.—*Boston Commercial Bulletin.*

#### EUROPEAN FOOD SUPPLY.

The European food supply continues to attract attention both here and abroad. Meat is a special feature on the other side of the Atlantic. Scarcely a paper is published but some note is made of the amount of exports of meat from the United States. Already more than three-fourths of the beef used in England is exported from this country. The present food supply of Europe is only equal to eleven months consumption, and the deficit is gradually increasing, leaving a wider and wider margin for American export. The grain consumption of the United Kingdom amounts to 607,000,000 of bushels; of the Continent to 4,794,000,000 bushels; total, 5,401,000,000 bushels. The production of the United Kingdom is 322,000,000; of the Continent, 4,736,000,000 bushels; total, 5,058,000,000, or a deficit of 343,000,000 bushels. Meat consumption in the United Kingdom, 1,740,000 tons; Continent, 6,372,000 tons; total, 8,112,000 tons. Production of the United Kingdom, 1,090,000 tons; Continent, 6,226,000 tons; total, 7,319,000 tons. It appears that Europe paid last year \$175,000,000 for imported meat and \$425,000,000 for imported grain, together equal to a tax of \$50,000,000 per month. This may give some idea of the magnitude the question of food supply has assumed in the destinies of that quarter of the globe. In the United Kingdom the importation of meat, including cattle, has risen as follows: For 1860, 91,230 tons; value \$21,950,000; seven pounds per inhabitant. For 1870, 144,225 tons; value, \$38,540,000; ten pounds per inhabitant. For 1880, 650,300 tons; value, \$133,060,000; forty pounds per inhabitant. The consumption of meat in the United Kingdom is shown to be much larger than in any other part of Europe. It is strange, therefore, that while the bulk of the deficit belongs to Great Britain, the English should be the last to acknowledge the merit of American meats. The retailers practice the worst kind of deceit in using the imported article. When the article becomes unfit for use it is labelled as American. The meat production per inhabitant in the United Kingdom is given at thirty-four pounds of beef, nineteen pounds of mutton, and six pounds of pork, a total of sixty-nine pounds; of France, the same quantity of beef, twelve pounds of mutton and nine pounds of pork, a total of fifty-five pounds; for Germany, forty pounds of beef, 11 pounds of mutton and ten pounds of pork, a total of sixty-one pounds. But the consumption of meat per inhabitant is given in the United Kingdom as 109 pounds, in France at seventy pounds and in Germany at sixty-six pounds. Neither Russia, Hungary, Holland nor Denmark have any great surplus food supply, and it is evident that the farmers of this country will be obliged to feed some portion of the people of Great Britain, as well as to supply our own population.—*Economist.*

#### DELTA OF THE MISSISSIPPI.

Geological examination of the delta of the Mississippi now shows that for a distance of about 300 miles there are buried forests of large trees, one over the other, with interspaces of sand. Ten distinct forest growth of this description have been observed, which it is believed must have succeeded each other. Of these trees, known as the bald cypress, some have been found over twenty-five feet in

diameter, and one contained 5700 rings; in some instances, too, huge trees have grown over the stumps of others equally large. From these facts geologists have assumed the antiquity of each forest growth at 10,000 years, or 100,000 for all.

#### A NEW KIND OF COTTON.

Southern farmers will be greatly pleased to know of a glorious victory recently gained by science on their behalf, nothing less, in fact, than a new "crossbred cotton plant," which has a boll as large as a cocoanut, and holds two pounds of the most valuable kind of cotton, superior in quality to the finest Sea Islands, and of which one can pick two bales—800 pounds—in a day, and, moreover, which is free from seed, and requires no ginning. To say the story is a very "fishy" one might seem to prove the general depravity of mankind in the way of disbelief of the wonderful performances of scientific persons; therefore I won't cast doubt upon it, but give it as I read it in a "dispatch," so called, from Atlanta, Ga. For many years a Mr. Subers, of Georgia, has been experimenting to hybridize a species of wild cotton that grows in Florida, with the common okra plant. The new cotton plant is a wonderful thing—"a daisy," so to speak—having the stalk of the okra, the foliage of the cotton, a flower like the magnolia, and, as I have said, a fruit like a cocoanut; indeed, the story makes the cocoanut, like itself, a very big one, too. The everlasting gratitude of the Southern farmer, as the story goes, and as every reader will agree, is due to Mr. Subers for this invaluable experiment. The last and not least of the peculiarities of this new variety of cotton is that it has seeds like those of the persimmon, and only from four to six of them, placed very conveniently at the bottom of the boll, and quite free from cotton. One little difficulty presents itself; there is but one species of cotton growing in America, which is the cotton-plant *Gossypium herbaceum*, and if this is growing wild in Florida, or upon some abandoned plantation or cotton-ginnery it is merely the common cultivated species, and, therefore, one element of the wonderful story is disposed of.

#### MEXICAN COTTON FACTORIES.

There are reported to be twenty-seven cotton factories in Mexico, consuming annually 22,640,000 pounds of the raw material. The latter total is said to be fully twenty-five per cent. less than what is actually used, owing to the burdens imposed by the Government upon manufacturing industries having induced a custom of making minimum returns. The cost of making cotton fabrics is increased by lack of transportation facilities. This point is naturally turned to advantage by the railway builders in Mexico.

#### COMMERCE BETWEEN RUSSIA AND CHINA.

Russia hopes that her trade with China will be increased by the line of steamers she has recently established between Chinese ports and Vladivostock, her new port in Eastern Siberia. Heretofore, tea intended for Moscow and Nijni Novgorod has been sent, at great cost, from Peking by camels across Mongolia to Krachta, and thence through Siberia to Europe. By the new system the tea can be conveyed from Vladivostock by river-boats to Irkutsk, which is expected to become the chief mart of the Russian tea trade. Some notion of the importance of the caravan trade heretofore may be seen in the fact that about 35,000,000 pounds of tea have been annually conveyed to Krachta.

## THE CHINESE OPIUM TRADE.

The production of opium in China is growing at a rate which may reasonably be expected soon to deprive the English of a large part of their lucrative trade in the Indian drug. The Chinese find that on the average an acre of the opium poppy nets about double the profit of an acre of wheat, all allowances for extra labor being duly taken into account. The advantage of opium over grain is still greater in the hilly or mountainous regions and in the western part of the empire remote from market, for the reason that the cost of transporting opium is of course infinitesimal as compared with grain. A very few years ago the poppy was only grown by the Chinese on the hill lands, but now, so rapidly has the culture spread, it is grown indiscriminately on the hills, the terraced slopes and the bottoms. All sorts of land are used for the crop, and all parts of the empire where it will grow at all are manifesting more interest in it. No doubt with all this increase of culture there also comes a corresponding increase in consumption, but the English nevertheless fear a rapid falling off in this most profitable of their Indian trade.

## RECLAMATION IN RUSSIA.

Extensive operations have been for some years past carried on in different parts of Russia for draining and reclaiming marsh land, under the direction of General Jilinsky. The principal districts operated upon are situated between the Dnieper, Pripet, Berezina, Svislotsch and Plitch rivers. According to the *Moscow Gazette*, this area, which has now been made available for agriculture, is 790,000 deciatines (one deciatine equals two and one-quarter acres), of which 150,000 are Crown lands. In addition to these, 360,000 have been brought into cultivation in the central and western districts of Polessia. These results have been obtained by means of a system of canals, varying in breadth from five to eighteen archines (three archines equal eighteen feet), and in depth from one and a half to four, while a few are as much as thirty archines broad. A large proportion of these canals are adapted for the floating of timber, so that there is not a single forest farm which is now more than seven versts from its waterway, whereas many of them were previously over thirty versts distant. Besides these undertakings, many subsidiary works of importance have been completed, such as the building of 138 bridges, the leveling of 23,800 versts of land, borings at 535 points, and the collection of a vast number of meteorological and hydrometric observations. It is hoped that by the end of 1884 the reclaimed land in Polessia alone will amount to 1,403,000 deciatines, and, with the view of advancing the operations as rapidly as possible, the owners of property have been called upon to pay a *pro rata* contribution of amounts varying from 400 to 3000 roubles.—*Mercantile Gazette*.

## SPANISH LEAD MINES.

A report to the English foreign office gives a description of the mining district of Linares in Spain, the most important lead-producing district of Spain, and one of the largest in the world. There are eight hundred and five mines registered in the district, and they yield about seventy thousand tons of lead each year. A few years ago the total was several thousand tons larger, but a lower price has reduced the production. Nearly a sixth of the yield is exported to England. Eight of the mines are operated by English companies

and individuals. Last year the market value of the English mining interests was estimated at \$560,000. England sends the machinery and steam engines used, the Cornish pumping-engine being in demand especially. English engineers and foremen, too, supervise, to a large extent, the operations. The city of Linares, which gives the name to the district, has a population of 45,000, twice as large as it was fifteen years ago.

---

### WHAT IS NICKEL?

Since the convenient five-cent coin, which in common talk is called "a nickel," has come into general circulation, the question above is asked, either mentally or orally, hundreds of times every day, and but few get an intelligent answer. In China and India a white copper, called pack tong, has long been known, and has been extensively used, both here and in Europe, for counterfeiting silver coin. About the year 1700 a peculiar ore was discovered in the copper mines of Saxony, which had the appearance of being very rich, but in smelting it yielded no copper, and the miners called it kupfer nickel, or false copper. In 1754 Constadt announced the discovery of a new metal in kupfer nickel, to which he gave the name of nickel. It was in combination with arsenic from which he could relieve it only in parts. The alloy of nickel and arsenic which he obtained was white, brittle and very hard, and had a melting point nearly as high as cast iron. It was not until 1823 that pure nickel was obtained by analysis of German silver, which had for a number of years been produced at Suhl, in Saxony. Its composition was ascertained to be copper 10 parts, zinc 5 and nickel 4. If more nickel be used the alloy is as white as silver and susceptible of a very high polish, but becomes too brittle and hard to be hammered or rolled, and can be worked only by casting. Pure nickel is a white metal which tarnishes readily in the air. Unlike silver, it is not acted on by the vapor of sulphur, and even the strong mineral acids attract it but slightly. Nickel has the hardness of iron, and, like it, has strong magnetic properties, but cannot be welded and is soldered with difficulty. Pure nickel has heretofore been used chiefly for plating, for which purpose its hardness and power to resist atmospheric influences admirably adapt it. The French have succeeded in rolling the metal into plates, from which spoons and other table furniture may be pressed. Nickel bronze, which consists of equal parts of copper and nickel, with a little tin, may be cast into very delicate forms, and is susceptible of a high polish. Mines of nickel are worked at Chatham, Conn., and Lancaster, Pa., and it is said to be found at Mine Le Motte, Mo., and at several points in Colorado and New Mexico, where but little attention is paid to it. It is extensively mined in Saxony and in Sweden, but the late discovery of a new ore (a silicate of nickel) in New Caledonia will probably suspend the use of the arsenical ores, and yet bring nickel into common use. Switzerland, in the year 1852, made a coin of German silver, which is identical in composition with our nickel coin. The United States made nickel cents in 1856, and eight years later coined the five-cent pieces. Belgium adopted nickel coinage in 1860 and Germany in 1873. England has lately coined pennies for Jamaica, but at home she and France adhere to the clumsy copper small change

## LIABILITIES OF SURETIES ON BONDS.

IN *Detroit Savings Bank v. Zeigler*, Michigan Supreme Court, October, 1882, 14 Rep. 658, A gave a bond, with sureties, for the faithful performance of his duties as receiving teller in a bank. During the temporary absence of the general teller, A was appointed by the cashier to perform his duties. While so employed, he embezzled funds of the bank which came into his hands. *Held*, that the sureties on his bond were liable, though the money did not come into his possession as receiving teller. Cooley, J., said: "The sureties upon an official bond undertake for nothing which is not within the letter of their contract. The obligation is *strictissimi juris*; and nothing is to be taken by construction against the obligors. They have consented to be bound to a certain extent only, and their liability must be found within the terms of that consent. *Paw Paw v. Eggleston*, 25 Mich. 36, 40; *Detroit v. Weber*, 29 id. 24; *Johnston v. Kimball*, 39 id. 187; *Bullock v. Taylor*, id. 137; S. C., 33 Am. Rep. 356; *United States v. Boyd*, 15 Pet. 187; *State v. Cutting*, 2 Ohio St. 1; *McCluskey v. Cromwell*, 11 N. Y. 593; *Urmston v. State*, 73 Ind. 175. This is familiar law, and rests on sound reason. But has this law any application to the facts of this case? The judge of the Superior Court thought it had, and turned the case out of court. We are not satisfied he was correct in this. The bank, it appears, was one which had two departments; a savings department and a commercial department. It had for both one cashier and one general teller, and the money does not appear to have been kept separate, but was brought daily into a common fund. The receiving teller was subordinate to the general teller, as well as to the cashier. The exact duties of the receiving teller of the savings department do not seem to have been particularly defined, except as the designation of the office would define them, or as they would be indicated by the condition of the bond. He was to be responsible for all such sums of money, property and funds as the cashier might place in his hands as such teller, and also for all such other money, property and funds as might otherwise come into his hands as such teller. His duty was to account faithfully for all these. When the teller should stand at his desk and receive savings deposits, he would, of course, receive them as receiving teller; and it might also be said that he would receive them because they were placed in his hands by the cashier, who, as chief financial officer of the bank, had placed him at that post. But if the defense is correct in the view taken of this officer's duties, it is not very manifest that the cashier could have had any occasion to intrust him with moneys otherwise. He simply received what was paid in, and handed it over to the general teller. What occasion could have arisen for putting other moneys into his hands as receiving teller merely? But we think this view is too restricted and narrow. Every such appointment is made with the general course of business in such institutions in mind, and it must contemplate that what is customary will take place. If it is customary for one officer to assist another when the need arises, we must assume that he expected to render such assistance, and that by implication he undertook to do so as a part of his

official duty. And if he was bound to have this understanding of his undertaking and his duty, his sureties were bound to have the like understanding. The number of officers of a bank will vary with the extent of the business and with its needs. There may be only a president and cashier, but there will commonly be a teller, and there may also be a vice-president, assistant cashier, one or more assistant tellers, and such number of book-keepers, messengers and other assistants as the business may require. When a cashier and a teller are sufficient for all the ordinary needs of the bank, is a cashier performing an official act, when in the temporary absence of the teller he steps to the teller's place and receives a deposit? Or is the teller acting outside his duty, when under corresponding circumstances, at the cashier's request, he answers the ordinary calls at the cashier's table? We think not. We think any such interchange of assistance, as temporary need may require, is fairly within the contemplation of an appointment to such a place, of the undertaking in accepting it, and of an official bond that might be given by the appointee. If this were not so, every officer in a bank would require an assistant, or the business of the bank would come to a stop whenever temporary illness or any necessity whatever should for any time, however short, take him from his desk. We agree entirely with the defense that it is not legally competent to impose new duties upon an officer to the prejudice of his sureties, but we do not think such a temporary assignment is a case of that nature." Compare *National Mechanics' Banking Association v. Conkling* New York Court of Appeals, October, 1882, 14 Rep. 631, holding that the sureties on the bond of an officer of a bank are not bound for any default of their principal when appointed to another and more responsible office therein, under general words of liability for the faithful performance of other duties than those of the office to which he has been appointed, when he shall be assigned thereto. Such an assignment must be supposed to be of a temporary character, and the recital of the bond will control the liability of the sureties under a permanent change in the duties of their principal to a more responsible position. Here the recital was of "such book-keeper as aforesaid, or whilst engaged in any other office, duty or employment relative to the business thereof." Earl, J., said: "The recital in the conditions of the bond shows that Joseph had been appointed to the office of book-keeper; that he had accepted that office and consented to perform the duties thereof. That was the office brought to the attention of the sureties, and which they had in mind when they executed the bond. The recital in such bonds, undertaking to express the precise intent of the parties, controls the condition or obligation which follows, and does not allow it any operation more extensive than the recital which is its key, and so it has been held in many cases. In *London Assurance Co. v. Bold*, 6 Q. B. 514, Wightman, J., said: 'In truth, the recital is the proper key to the meaning of the condition.' In *Hassell v. Long*, 2 M. & S. 370. Ellenborough, C. J., said that the words of the recital of a bond afforded the best ground for gathering the meaning of the parties. In *Pearshall v. Summerson*, 4 Taunt. 593, it was held, as expressed in the head note, that 'the extent of the condition of an indemnity bond may be restrained by the recitals, though the words of the condition import a larger liability than the recitals contemplate.' See also, *Peppin v. Cooper*, 2 B. & A. 431; *Barker v. Parker*, 1 T. R. 287; *Liverpool Waterworks Co. v. Atkinson*, 6 East. 507; *Tradesmen's Bank*

v. *Woodward*, Anthon N. P. (2d ed.) 300. Here the sureties took for the fidelity of their principal only while he was keeper; but if, while book-keeper, the duties of any other trust, or employment relating to the business of the bank assigned to him, their obligation was also to extend to the discharge of those duties. While book-keeper he might temporarily teller, or discharge the duties of any other officer during his temporary illness or absence, or he might discharge any other duty assigned to him, and while he was thus engaged the bank had to have the protection of the bond. There are no words in the bond which limit the sureties in case of the appointment of their principal to any other office. They might have been willing to be bound for his fidelity while he was book-keeper or temporarily assigned to the discharge of other duties, but yet not willing to be bound if he should be appointed teller or cashier, and as such, placed in the possession or control of all the funds of the bank. This is a case where the general words subsequently used must be controlled and limited by the recital. A surety is never to be implicated beyond his express engagement, and his liability is always *strictissimi juris*, and cannot be extended by construction. His contract must be construed by the same rules which are used in the construction of other contracts. The extent of his obligation must be determined by the language used, read in the light of the circumstances surrounding the transaction. But when the intention of the parties has thus been ascertained, then the courts carefully guard the rights of the principal and protect him against a liability not strictly within the terms of his contract. *Ludlow v. Simond*, 2 Cai. Cas. 1; *Crist v. Lingame*, 62 Barb. 351; *McCluskey v. Cromwell*, 11 N. Y. 593; *McKee*, 13 id. 232; *Rochester City Bank v. Elwood*, 21 Eng. L. & Eq. 57.—*Albany Law Journal*.

## DEFENCE TO OVERDUE CHECKS.

HIGH COURT OF JUSTICE, QUEEN'S BENCH DIVISION.

*London and County Bank v. Groom.*

The rule of law applicable to overdue bills and notes does not apply to checks, and therefore the mere fact that the holder receives a check eight days after date does not render his title subject to any equities or matter attaching to the check which might amount to a defence as between the drawer and the payee.

It is a question for the jury whether the check was taken under circumstances which ought to have excited suspicion, and the fact that it was overdue is evidence in deciding the question.

*Down v. Halling*, 4 B. & C. 330, explained.

FIELD, J.—This is an action brought to recover £98, the value of a check of which the plaintiffs were bearers. It was dated 21st of August, 1880, and it directed the National Bank to pay that sum to A. Moss or bearer; and the statement of claim alleged presentation for payment, non-payment, and due non-dishonor. The defendant by his statement of defence denied the presentation of dishonor, and alleged that the defendant, on the 21st of August, handed the check to George Colls under such circumstances as, if proved, and if the latter had been the plaintiff, might have furnished a good answer to his claim. The statement of defence was that the check was not presented for payment until the 28th of August, and that it was not cashed until the 29th of August, and that the defendant, on the 28th of August, handed the check to George Colls under such circumstances as, if proved, and if the latter had been the plaintiff, might have furnished a good answer to his claim. The statement of defence was that the check was not presented for payment until the 28th of August, and that it was not cashed until the 29th of August, and that the defendant, on the 28th of August, handed the check to George Colls under such circumstances as, if proved, and if the latter had been the plaintiff, might have furnished a good answer to his claim.

of defence further alleged that Colls, in fraud, delivered the check to the plaintiffs, who had notice of the premises. As a separate defence, the defendant further alleged the same circumstances, and that the plaintiffs were the agents of Colls, and had given no consideration, and held the same subject to the equities existing between Colls and the defendant. As a further defence, the defendant said that the check was presented for payment by Colls, and dishonored, and the plaintiffs, at the expiration of eight days, took the same with notice and subject to the equities. At the trial, the plaintiffs proved that Colls was a customer, having an account at one of their branches, and that he had on the 29th of August (eight days after the date) paid in the check to the credit of his account, and that they had given him consideration for the same. The defendant cross-examined the plaintiffs' witnesses, but did not elicit from them any circumstances tending to show any notice or absence of *bona fides* on the plaintiffs' part, or anything which tended to show that the payment of the check by Colls into his account was made under any circumstances which ought to have excited the suspicion of the plaintiffs, as reasonable men of business, that the check was at all tainted with fraud, except the circumstance that the delivery to them was made eight days after the date of the check.

The plaintiffs' counsel contented himself with proving a *prima facie* case; and at the close of it Mr. Talfourd Salter said that he had not affirmative evidence to prove any notice to the plaintiffs, and did not wish to address the jury on the question as to the consideration given by the plaintiffs, or the presentation by Colls alleged in the fifth paragraph; but he submitted that, inasmuch as the fifth paragraph alleged that the plaintiffs had taken the check eight days after its date, I was bound to rule that this circumstance alone was sufficient to entitle him to the benefit of the well-established rule of law as applicable to overdue bills of exchange and promissory notes, that those who take them take them at their peril, and stand in no better position than those from whom they take them as to any equities between the latter and the acceptor, or maker, attaching to the instrument; and for his authority on this point he cited the case of *Down v. Halling*. Mr. Matthews, for the plaintiffs, denied the existence of any such rule of law, and relied upon the case of *Rothschild v. Corney*. I, for the purposes of the day, ruled against Mr. Salter, and directed a verdict for the plaintiffs, reserving, however, for further consideration the question whether the mere circumstance that the plaintiffs took the check eight days after its date was enough by itself, as a matter of law, to place the plaintiffs in the position of takers at their peril, so as to entitle the defendant to treat them as if they were in the position of Colls, and liable to have their title to sue defeated by any matter attaching to the check which would have amounted to an answer against Colls.

The case was afterwards argued before me on further consideration, when all the authorities on both sides were ably and fully brought before me, and having considered them, I see no reason to alter the view which I took at the trial. That the holder of an overdue bill or note, payable at a fixed date of course appearing upon it, is in the position suggested, is established beyond all doubt, and the reason of the rule is that, inasmuch as these instruments are usually current during the period before they become



payable, and their negotiation after that period is out of the usual and ordinary course of dealing, that circumstance is sufficient of itself to excite so much suspicion that, as a rule of law, the endorsee must take it on the credit of, and can stand in no better position than, the indorser: *Brown v. Davies*. But with regard to checks, no such rule has been laid down, the case of *Down v. Halling*, as I shall show presently, not amounting, I think, to any such decision, and there is one case in which that proposition has been denied or doubted.

In *Rothschild v. Corney*, the action was brought by the maker of the check to recover the amount from the defendants. The check was dated the 19th of January. It had been obtained from the plaintiffs by the fraud of Brady; and Brady, on the 24th (five days after date), handed it to the defendants, who cashed it *bona fide*, and afterwards presented it and received the amount from the plaintiffs' bank. At the trial the learned judge directed the jury that if they thought the circumstances of the case were such as ought to have excited the suspicion of a prudent man, and that the defendants had not acted with reasonable caution, they should find a verdict for the plaintiffs, otherwise for the defendants. A rule was then obtained for a new trial, on the ground that the judge ought to have directed the jury that the checks were overdue, and so the defendants took them at their peril, and could have no better title than Brady; but after argument, in which *Down v. Halling* was cited, the rule was discharged, Lord Chief Justice Tenterden saying that it could not be laid down as a matter of law that a party taking a check after any fixed time from its date must do so at his peril. Mr. Justice Little-dale observed that, although the rule of law was so as to bills of exchange and promissory notes, it could not be applied to checks.

In *Serrell v. Derbyshire Railway Company*, the check was dated the 13th of August, and was not presented until the 6th of October, and the case of *Down v. Halling* was cited by Mr. Justice Cresswell for the proposition of Mr. Justice Holroyd in it that the defendants having taken the check more than five days after date took it at their peril, and Mr. Serjeant Byles, *arguendo*, said that *Down v. Halling* was not consistent with *Rothschild v. Corney*. Mr. Justice Maule held that no such strict law existed that a check must, as against the maker under such circumstances, be presented promptly, but that when a reasonable time had passed a check stands on the same footing as a bill of exchange, and holding the check in that particular case might probably be considered in the nature of an overdue bill, and fraud being shown in its inception, the *onus* was thrown upon the plaintiff of showing how he got it. Of course, even with regard to checks, there is no doubt that in the ordinary course of business they are intended almost as cash for early, if not prompt, payment; and it is well-known law that, as between the maker and payee, although there is no absolute duty to present a check promptly, that duty so much exists that exact rules have been laid down beyond what period the payee may not delay presentation if he wishes to avoid the consequences of any damage caused to the maker by the insolvency of the drawee, or other injuries falling upon his shoulders. Having regard to this duty, I have come to the conclusion that, looking to the peculiar circumstances of *Down v. Halling*, and the mode in which the matter was there treated, there is no such conflict between that case and the case of *Rothschild v. Corney*, as has been supposed.

In *Down v. Halling*, the plaintiff sought to recover the amount of a check for £50, dated the 16th of November, 1824; he did not show how that check got out of his hands, but on the evening of the 22d a woman unknown to the defendant bought at his shop goods worth £5, and tendered the check in payment, he paying her the difference; he presented the check on the following day and received the amount. No evidence having been given by the plaintiff accounting for its having got out of his hands, the defendant claimed a nonsuit on that ground; but Lord Tenderden told the jury to find for the plaintiff if they thought that the defendant had taken the check under circumstances which ought to have excited the suspicion of a reasonable man; and further (on the authority of *Gill v. Cubitt*, 3 B. & C. 466, which has since been overruled) asked whether the defendant, although not acting fraudulently, had acted negligently in taking the check; and upon those directions the jury found a verdict for the plaintiff; and upon a rule having been moved for a new trial on the ground of misdirection, the court supported the direction as to negligence, upon the authority of *Gill v. Cubitt*; and as to the rule, Mr. Justice Bayley is reported to have said, generally, that if a check is taken after it is due, the party taking it can have no better title than the person from whom he took it; and it is in this passage that he is supposed to lay that proposition down as a rule of law. It must be remembered, however, that Lord Tenderden was also a party to the decision in *Rothschild v. Corney*, and could not have intended to hold in that case contrarily to the so recent decision of *Down v. Halling*; and if the language of Mr. Justice Holroyd is looked at when he says that five days ought to have excited the defendant's suspicion and that in the earlier case a reasonable time had elapsed, I think the true result of that case is that the court decided it rather upon its own peculiar facts than as intending to lay down any strict rule of law.

In *Serrell v. Derbyshire Railway Company*, Mr. Justice Maule says perhaps the two cases may be reconciled; and, if my view of the character of the decision in *Down v. Halling* is right, I have been able to come to the same conclusion.

I should, therefore, under ordinary circumstances, have contented myself with giving judgment for the plaintiffs; but I think, assuming this to be the true view of *Down v. Halling*, it follows, from that case, as well as from the other cases, that the true question for the jury being whether the check in the present case was taken by the plaintiffs under such circumstances as ought to have excited their suspicion, and the lapse of eight days being a circumstance undoubtedly, though not conclusive, to be taken into consideration by them in considering that question, I ought to have left that question to the jury. I should, indeed, have done so if I had thought that Mr. Talfourd Salter had wished it. From what passed, however, at the argument, I think there may have been some misunderstanding on my part in the matter. It is undoubtedly true that that question was not left to the jury; and the defendant is entitled to have it put if he so wishes. I therefore give judgment for the plaintiffs with costs, subject to the condition that if the defendant elect within ten days after my judgment to have a new trial he may do so, and in that event the costs of the former trial, and of the further consideration, should abide the event of the second trial. Judgment for the plaintiffs.

—*American Law Register.*

## LEGAL MISCELLANY.

**EVIDENCE—CERTIFICATE OF NOTARY AS TO MARRIED WOMAN'S ACKNOWLEDGMENT.**—Where a married woman who had executed a deed permitted her husband to take the deed and use it according to his own judgment, *held*, that as to a grantee not shown to have notice of the facts, the certificate of a notary that she had acknowledged the deed, etc., was conclusive as to the facts stated therein. *Grant v. White*, 7 Pac. C. L. J. 192; *Baldwin v. Snowden*, 11 Ohio St. 203. *Arnaz v. Escandon*. Col. Sup. Court.

**CORPORATE STOCK—SALE OF—WARRANTY—FRAUDULENT OVERISSUE.**—The vendor of a certificate of stock impliedly warrants his title to the certificate, but where there has been a fraudulent overissue of stock, evidenced by certificates in usual form and regular on their face, issued by the duly-constituted officers of the company, and sealed by the genuine seal of the corporation, the vendor of such a certificate warrants only his title thereto. It was held at first that in an action on the case for deceit against a party who had sold a personal chattel to the plaintiff, to which he had no title, it was necessary to aver a *scienter* (*Dale's case*, Cro. Eliz. 44; *Roswei v. Vaughan*, Cro. Jac. 196); but this doctrine was subsequently exploded, and an averment of possession considered sufficient, as the vendor must be intended cognizant of his own title, the sale being necessarily an affirmation of title. *Crosse v. Gardner*, Carth. 90; *Medina v. Sloughton*, 1 Ld. Raym. 593. It may now be regarded as well settled, that a party selling as his own, personal property of which he is in possession, warrants the title to the thing sold; and that if by reason of a defect of title nothing passes, the purchaser may recover back his money, though there be no fraud or warranty on the part of the vendor. This doctrine is held to apply to choses in action, as well as other descriptions of personal property. *Charnley v. Dulles*, 8 W. & S. 353. Shares of stock in a corporation are choses in action giving a right to dividends and an interest in the capital. The certificate is the evidence of such ownership, and there can be no doubt that if the certificate is forged, or the holder is not such *bona fide*, so that he has no claim on the corporation, the vendor would be liable to his vendee on the implied warranty of title. It seems to be established upon principle as well as authority that the *bona fide* holder of such a fraudulent certificate would have a right of action against the corporation, and that his measure of damages would be the market value of his stock at the time the transfer was demanded, *Willis v. Phila. & Darby R. R. Co.*, 6 W. N. C. 461, and cases cited in the opinion of Judge Hare. The vendor of such a certificate has then a title which he can transfer, and a remedy against the corporation. The vendor of shares of stock does not warrant the solvency of the corporation. Corporations are especially liable to be made insolvent by the embezzlement and frauds of their agents or officers. It matters not whether the loss arises from robbery or embezzlement, or by the fraudulent issue of stock the value of the stock is depreciated. It matters not whether such fraud or robbery was before or after the sale of the stock, the *bona fide* vendor cannot, under the rule in question, be held responsible for the depreciation in value. It is one of the risks which are assumed by all dealers in such securities. *People's Bank v. Kurts*, Pennsylvania Sup. Ct.

**CONFLICT OF LAW—LOAN BY A CITIZEN OF ONE STATE TO CITIZEN OF ANOTHER.**—A citizen of one State may loan money to a citizen of another State, and contract for the rate of interest allowed by the laws of the latter State, although the legal rate of interest allowed is greater in such State than in the State where the contract is made, and in which it is to be performed. Where it appears upon the face of the contract that such was the intention of the parties, it constitutes an exception to the rule that the law of the place where the contract is made must govern in expounding and enforcing it. Where a citizen of New York loaned money to a citizen of Nebraska, secured by bond and mortgage on land in Nebraska, the money being furnished in New York and the mortgage being executed in Nebraska, and the statute of New York limiting the right to interest on loans at six per cent. per annum, and being highly penal, while the statute of Nebraska allowed the rate of ten per cent. per annum, *held*, that the contract reserving ten per cent. interest, the legal rate in Nebraska, was not usurious, notwithstanding that it was made in New York and was to be performed in that State. See *Arnold v. Potter*, 22 Iowa 194; *Newman v. Kershaw*, 10 Wis. 333; *Vliet v. Camp*, 13 id. 221; *Robinson v. Bland*, 2 Barr 1077. *Kellogg v. Miller*. U. S. Circ. Ct., Nebraska.

**NEGOTIABLE INSTRUMENT—TRANSFER BY ASSIGNMENT.**—Where the holder of a negotiable instrument payable to his order instead of indorsing it transfers title to it by a separate instrument which purports to "assign, sell, transfer, and set over" the instrument, the assignee does not take the note freed from the equities, but it is subject to the same defences that existed against it in the hands of the assignor. The note was transferable by indorsement and was not transferred in that way but by assignment. The assignee obtained no title to enable him to sue except in the name of the payee. *Redmond v. Stansbury*, 24 Mich. 445; *Robinson v. Wilkinson*, 38 id. 299; *Aniba v. Yeomans*, 39 id. 171. And hence no title sufficient to preclude the maker from setting up equities coeval with the inception of the paper. *Gibson v. Miller*, 29 Mich. 355; *Franklin Bank v. Raymond*, 3 Wend. 69; *Hedges v. Sealey*, 9 Barb. 214; *Muller v. Ponder*, 55 N. Y. 325; *Trust Co. v. National Bank*, 101 U. S. 68; *Moore v. Miller*, 6 Or. 254; 25 Am. R. 518; *Haskell v. Mitchell*, 53 Me. 468; *Clark v. Whitaker*, 50 N. H. 474; 9 Am. R. 286; *Lancaster National Bank v. Taylor*, 100 Mass. 18; *Whistler v. Forster*, 14 C. B. (N. S.) 248. *Spinning v. Sullivan*. Michigan Sup. Ct.

**NEGOTIABLE INSTRUMENT—AMOUNT IN BODY LEFT BLANK.**—The body of a promissory note read thus: "Fifteen months after date I promise to pay to the order of Richard Thomas — dollars." The margin of the note contained this "\$200." *Held*, that the figures were not sufficient to authorize the reformation of the instrument so as to read as a note for two hundred dollars. The figures in the margin of the note are no part of the instrument; they constitute a mere memorandum. They cannot supply the blank left for insertion of the amount the maker agreed to pay. *Norwich Bank v. Hyde*, 13 Conn. 279; *Smith v. Smith*, 1 R. I. 398. It follows that there can be no recovery upon the note, for it is not a promise to pay any sum. *Hollen v. Davis*. Iowa Sup. Ct.

**USURY—ESTOPPEL—RELEASE AT TIME OF LOAN, NOT.**—A sealed release or receipt, "in full settlement and payment for all extra or unlawful interest," executed at the time the money was loaned, and a part of the transaction of borrowing, is not a bar to a recovery of the usury. If such a device as this is allowed to avail, resort would be had to it in all cases, and the statute thereby practically repealed. This is a very different case from releasing usury after a man's embarrassments have passed, and he has ceased to be a peculiar subject for the protection of the statute. *Bosler v. Rheem*, 72 Penn. St. 54. *Herrick v. Dean*. Vermont Sup. Ct., January Term, 1882.

**BANK—REMITTING LOSS OF DRAFT AT REQUEST OF OWNER.**—One who requests a bank to remit to him by draft the money which he has on deposit therein, and which by the rules of the bank is payable only at its counter, assumes the risk of transmission of the draft in the usual way by mail; and the mailing of such draft properly addressed, discharges the debt of the bank to him. In transmitting such draft the bank may adopt the address contained in the letter requesting the remittance, and is not bound to use a more particular designation or mode of address for the purpose of insuring delivery to the proper person. *Burr v. Stickless*, 17 Ark. 428; *Graves v. American Exchange Bank*, 17 N. Y. 205. *Jung v. Second Ward Savings Bank*. Wis. Sup. Co.

**MORTGAGE TO SECURE NEGOTIABLE INSTRUMENT.**—Where real estate is mortgaged to secure the payment of a negotiable promissory note, a third person may purchase the real estate in good faith, although he may not see the note or mortgage although he may not pay the full value of the land, and although the mortgagee may not receive the full amount of the face of the note, provided that both mortgagor and mortgagee consent to the transaction, and the mortgagee, prior to the completion of the transaction, regularly releases the mortgage, by an entry on the margin of the record of the mortgage in the office of the register of deeds.

Where a real estate mortgage is executed to secure the payment of a negotiable promissory note, such mortgage will so far partake of the negotiable character of the note that whenever the note is transferred by indorsement before due so as to free it from all equities existing in favor of the maker of the note, or of prior indorsers, the mortgage will also be freed from such equities. But until the mortgage is recorded such transfer will not prevent a third person, who has no notice of the mortgage or transfer, from purchasing the mortgaged property, and thereby obtaining a full and absolute title to the property, free and clear from the mortgage lien. But when the mortgage is recorded, its negotiable character is then extended even to *bona fide* purchasers of the property, and it retains such character, contemporaneously with the note, to which it is an incident, so long as the note remains unsatisfied and negotiable, or until the mortgage is released of record by the mortgagee, or his attorney, assignee, or personal representative; and when the mortgage is so released, it then loses its negotiable character to the extent that any third person who may then purchase the property in good faith will obtain the full, complete and absolute title thereto, freed from all equities, liens, interests, trusts or incumbrances existing in favor of any holder of the note and mortgage, whether the note is satisfied or not. *Lewis v. Kirk*, 28 Kansas. Kansas Sup. Court.

## CONSTITUTIONAL LAW—EXCISE TAX ON INSURANCE COMPANIES.—

An excise tax upon life-insurance companies measured as to each company by the aggregate net value of all its policies held by residents of the Commonwealth, *held*, valid under a provision of the State Constitution authorizing the Legislature "to impose and levy reasonable duties and excises upon any produce, goods, wares, merchandise, and commodities whatsoever" within the Commonwealth. See *Portland Bank v. Apthorp*, 12 Mass. 252; *Commonwealth v. People's Savings Bank*, 5 Allen 428. *Connecticut Mutual Life Insurance Co. v. Commonwealth of Massachusetts*. Mass. Sup. Co.

## BILLS AND NOTES.—SIGNING—FRAUD—NEGLIGENCE—AGENT.—

What constitutes reasonable care and diligence in the execution of an instrument is ordinarily a question of fact for the jury. Where a party trusts to the agent of the payee to read a note correctly, without calling upon a member of his family to read it for him before signing, it is not, as a matter of law, negligence. *Hopkins v. Hawkeye Insurance Co.*, 57 Iowa.

The fraudulent acts of an agent, committed in the direct line of his employment, will render the principal liable. *Id.*

It is competent to show by parol, that because of the fraud of a party to an instrument, it does not express the real agreement. *Id.*

## NEGOTIABLE INSTRUMENT—NOTE ON DEMAND OR THREE YEARS

AFTER DATE NOT.—A promissory note payable "on demand or in three years from this date" to the order of a person named, *held*, not to be a negotiable instrument. The objection is that there is no certain time of payment fixed by the note. To be negotiable a note must be payable at a time certain. The time of payment may be fixed by being named in the note, or made to depend upon some event which must certainly happen. In the instrument under consideration, a time and an event are named, either of which without the other would make certain the time of payment; so if both were used in connection to fix one time, as three years after demand, the note would be payable at a time certain. But they are used to designate two separate times, at either of which the note may, and at either of which it may not, become payable. It is not negotiable as payable at the time named, because whether it will become payable at the expiration of three years is made to depend upon the uncertain event of a previous demand, and while the time is certain to come, it is uncertain whether the note will then become payable. It is not negotiable as payable upon the happening of a certain event within the three years, because it is not certain that a demand will be made, no demand being necessary to hold the maker, and the instrument itself assuming that such demand may not be made. A note payable at a future day certain, or earlier at the option of the maker or of a stranger, is not payable at a time certain and is not negotiable. *Way v. Smith*, 111 Mass. 523; *Stults v. Silva*, 119 id. 137. *Mahoney v. Fitzpatrick*. Mass. Sup. Co.

## WANT OF CONSIDERATION—EVIDENCE.—As between the immediate

parties to a negotiable promissory note, while the note itself is *prima facie* evidence of the consideration, the question of consideration is always open; and it is competent to the defendant to show, by parol, that there was no sufficient consideration, or that the consideration had failed, or that the paper had been given for accommodation merely. *Ingersoll v. Martin*, 58 Md.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. INDORSEMENT OF CHECKS.

Several months ago we reviewed the decision of a federal district court against a western bank which was subjected on a bill of exchange issued for the benefit of a man styling himself Lord Beresford. The bill in question was drawn on Morton, Bliss & Co., and after having received it the payee started for New York. At X he concluded that he would, if possible, get the bill cashed, and he went into a bank for that purpose. The bank required him to identify himself, and he did so, the person identifying him indorsing the bill. Beresford proved to be a swindler, and the indorser of the bill paid the amount of the draft to the X bank and brought a suit to recover the same of the bank which issued it. In reviewing the case we maintained that as the indorser put his name on the bill simply for the purpose of identifying the payee, he could not have been subjected by the X bank like an ordinary indorser. A correspondent has recently written—

I have never been able to feel satisfied with your opinion in the "Beresford case," in the July, 1882, number, page forty-seven. You hold that as M indorsed the draft simply for identification, the X bank could not have recovered the amount from him if he had chosen to resist.

*Daniel* (Negotiable Insts. 3d ed. vol. I, § 719) says that an indorser cannot show by parol evidence "that his signature was written under that of the payee, merely in order to identify him," and cites, among others, *Central, L. J.*, Oct. 21, 1881, p. 317, and *Stack v. Beach*, S. C. of Indiana, Sept., 1881.

I am quite sure that about a year ago I saw a decision which I am now unable to find, to this effect:

"An indorsement on a negotiable instrument is a written contract, and must be construed strictly, and parol evidence is inadmissible to explain or modify it."

Can the cases cited be what I saw, and are you correct in the view expressed?

It seems necessary, therefore, to add something on this point, though the decision in the Beresford case did not turn on this question. This was simply an incidental point that we touched in reviewing the case, but one which, as our correspondent says, is of great practical importance.

First of all, it may be remarked, the citations from *Daniel* and other sources are perfectly sound law, but they do not apply to the question before us. There is no better authority than *Daniel* on questions of this kind, but the rule given by him, cited by our correspondent, refers to the indorsement of promissory notes and bills of exchange in the ordinary process of transfer. The indorsement of checks is sometimes a very different thing. The case of *Stack v. Beach*, to which our correspondent refers, related to a bill of exchange which was indorsed in the ordinary course of transfer, and the court very properly held that the indorser should not be permitted to show that he indorsed it for the purpose of identification.

But when a check is presented for payment its indorsement often has a different meaning. Morse says, "A check may be indorsed with various effects, according to the intention of the indorser. If the indorsement be made *animo indorsandi*, with the intention of guarantying, it will bind the indorser as a guarantor substantially in like manner as the indorser of a promissory note is bound. But an indorsement not made *animo indorsandi*, but for some other special purpose, will not bind the party to the liability of a guarantying indorser, at least as towards any person chargeable with notice of such special intention. He then refers to the case of *Commercial Press v. Crescent City National Bank*, 26 La. Ann. 744. In that case A indorsed a check in the firm style of "B & C" "per A," and the cashier of the drawee bank required A to identify himself. A went out with the check and returned with it bearing the indorsement of D, and presented it as furnishing a sufficient identification of himself. The check was paid. It finally appeared that A had, in fact, no authority to indorse the name of "B & C." The court held that D by his indorsement had undertaken only to identify A. The reporter's syllabus reads substantially thus: Where the indorser of a check indorses it for no other purpose than to identify the person who presents it to the bank, and who is in the habit of collecting for the parties to whose order the check is drawn, the responsibility of the indorser is as to the identity of the collector, but not as to his authority to sign the check for the parties to whose order it is given. The question is to be decided by taking into consideration in what manner and for what purpose he bound himself. For as he bound himself so will he be bound.

In the Beresford case the fact is expressly stated that the object of the indorsement was to identify the holder of the draft. Perhaps the X bank might have subjected him as a partner in the fraud of the holder, but not as an ordinary indorser. If when a person is asked to identify the holder of a check in order to enable the latter to get the money thereon, and the identification is done by indorsing the instrument, a very palpable fraud might be perpetrated on him if the party paying the money could subject him as an ordinary indorser. Very clearly the identifier should be held in that capacity and in no other, and this is the doctrine maintained by the Louisiana tribunal. There certainly is no justice, nor do we believe there is any law, whereby a bank can subject an indorser, who indorses a check or other instrument presented for payment simply to identify the holder, in any other capacity than that in which he undertakes to serve.

---

## II. CERTIFICATE OF DEPOSIT.

A bank issued a certificate of deposit to A, which was stolen by B, who, forging A's signature, transferred it to C. The latter deposited it with the bank which issued it, and after a time the forgery was discovered.

Can the bank recover of C in the event that it is obliged to pay A?

REPLY.—This inquiry grows out of one which appeared in the last number of the magazine. Another correspondent, while not doubting the correctness of our answer, adds, "as I understand it, C is responsible to the bank. Every indorser guarantees the genuineness of the indorser from whom he receives the paper. Am I right?" The general rule is that "where one pays money on forged paper by discounting or cashing it, he can al-



ways recover it back, provided he has not himself contributed materially to the mistake by his own fault or negligence, and provided that by an immediate or sufficiently early notice he enables the party to whom he has paid it to indemnify himself as far as possible." *Dan. on Neg. Inst.*, § 1369.

The only occasion for any doubt in this case is whether the bank was not negligent in receiving the certificate from C. The bank is presumed to know the signature of its depositors, and consequently knew the signature of A. Morse after discussing the rule existing between a bank and its depositors, adds, that in "questions arising between the bank and the person to whom the bank has made payment the rule is much less stringent. Of course, if the bank pays the forger, or any person cognizant of the forgery, it would be entitled to recover from him if it should have opportunity." *Banks and Banking*, p. 353, 2d ed. The court went further than this in the case of *Canal Bank v. Bank of Albany*, 1 Hill 287, and there would seem to be no doubt as to the right of the bank to recover of C. See also *Talbot v. Bank of Rochester*, 1 Hill 295; *Coggill v. American Exchange Bank*, 1 N. Y. 113.

### III. PROTEST.

A note was thus indorsed:

Crist & Larkin.

12th National Bank, Jersey City.

For Deposit.

Pay C. J. Earl, Cashier, or order, for collection  
on account, 14th National Bank, N. Y.

J. Gross, Cashier.

Afterward the note was indorsed to the holder. Is the stamp of the 12th National Bank of Jersey City, an indorsement requiring a notice of protest, in the event of the dishonoring of the check?

REPLY.—For several reasons that bank should be notified. Title is derived through it, that bank is interested in its payment, its name appears as a party to it. There can be no mistake made in sending notice to it.

### IV. PROTEST.

A note was thus indorsed:

S. B. Johnson & Co.

Pay William Jones, Cashier, or order, for collection for account First National Bank, Pokopog, N. Y.

Credit First National Bank, Dobsontown.

William Jones, Cashier.

In protesting a note thus indorsed, should a notice be sent to the First National Bank, Pokopog, N. Y., as second indorser, or should it be sent to the cashier of the bank?

REPLY.—Either form would answer the law. Notice to the agent of a party for the general conduct of his business is the same as if given to the principal in person. Notice to the cashier of a bank, is notice to the bank itself. He acts for it, represents it in transacting its general business. Any act done by him within the general scope of the business and on behalf of the bank is the act of the bank. In the case of the *Bank of United States v. Davis*,

2 Hill 451, it was decided that where a bill of exchange was indorsed by a cashier, though only for the purpose of transmitting it for collection, he became a "party" to it in the sense of the statute which makes a notarial certificate of notice of presentment and non-payment to "parties" admissible as evidence of such notice, the certificate was evidence of notice having been given to the cashier, and, therefore, to the bank, since the subject-matter fell within the scope of his agency.

---

## BOOK NOTICES.

*Political Economy.* By FRANCIS A. WALKER. New York: Henry Holt & Co., 1883. 12mo. pp. 490. (American Science Series, No. 5.)

Standing in the front rank of American economists, with the advantage as Superintendent of the National Census to acquire economic facts, we had reason to expect much from the author in the present work. Nor are we disappointed. Everywhere new facts, reasonings, and deductions appear, and the work will doubtless prove as useful to the reader as it is highly creditable to the author.

Of course, the field has been plowed over many times, but it can be made to yield new and better fruit whenever touched by the hand of the diligent cultivator. Mr. Lowe was certainly wrong when he said, at the Adam Smith centenary dinner a few years ago, that the main work of political economy was done. This department of knowledge is in its infancy and not its maturity, and the important body of fresh facts and ideas which Gen. Walker has contributed to it is proof of the erroneousness of Mr. Lowe's statement.

The author fitly begins with a discussion of the character and logical method of political economy, and we most heartily commend this chapter to that class of sincere, but not altogether well-informed, writers who descant so earnestly on the selfishness of political economy. Elsewhere, in reviewing M. Laveleye's recent work on political economy, we have said something more on this point. There certainly is need of setting political economy before the world in a clear light—its methods and its object. Gen. Walker is deeply imbued with Cairne's work on *Method* which, so far as we know, evinces a more complete mastery of the subject than any other in our language.

Gen. Walker has followed the old order in the first four divisions of his work—production, exchange, distribution, and consumption. This seems to be the best order; and the author has shown more wisdom in sticking to it because it is the best, than he would have shown in trying to make another order less perfect for the sake of adding to the originality of the work. In these four parts he gives us the science of political economy, but he has added a fifth part, entitled "some applications of economic principles," in which the art of political economy is set forth.

We have not space to describe the work further except to say that the style is clear and easy, though now and then the author cannot resist the temptation to lighten his pages by introducing a "sorry old nag," (page 84) the good taste of which may be questioned. A sorry old nag is always and everywhere a somewhat unpleasant animal to gaze at, and especially in a didactic work on political economy.

## LIABILITIES OF CHARTERED BANKS OF CANADA ON DECEMBER 31, 1882.

<i>Banks.</i>	<i>Capital subscribed.</i>	<i>Capital paid up.</i>	<i>Notes in circulation.</i>	<i>Dominion Govern- ment deposits pay- able on demand.</i>	<i>Other deposits pay- able on demand.</i>	<i>Other deposits pay- able after notice, or on a fixed day.</i>	<i>Total Liabilities.*</i>
Bank of Toronto.....	\$ 2,000,000	\$ 2,000,000	\$ 1,459,451	\$ 39,140	\$ 2,582,767	\$ 1,623,900	\$ 5,930,252
" Hamilton.....	1,000,000	943,310	928,031	25,609	868,228	780,669	2,401,384
Canadian Bank of Commerce.	6,000,000	3,805,509	3,805,509	71,281	5,539,400	1,350,350	15,055,997
Dominion Bank.....	1,493,850	1,492,336	1,287,012	28,805	2,317,131	2,538,350	4,404,210
Ontario.....	1,500,000	1,000,000	1,082,082	60,562	1,875,219	976,886	5,010,242
Standard Bank of Canada.....	704,000	763,186	771,125	41,771	1,325,256	641,467	2,914,693
Federal Bank of Canada.....	2,960,800	2,710,160	2,840,124	37,096	2,824,514	3,765,974	9,274,683
Bank of Ottawa.....	1,400,000	1,490,501	577,107	19,172	408,169	1,841,465	3,932,353
Imperial Bank of Canada.....	1,500,000	1,494,001	1,338,837	53,605	2,041,086	1,385,453	5,447,105
Western Bank of Canada.....	12,000,000	153,968	66,940	—	58,501	71,923	159,484
B'k of Montreal.....	12,000,000	4,806,666	5,807,414	1,732,243	9,265,859	6,162,884	26,394,782
" British North America.	1,600,000	1,600,000	933,290	3,942	1,114,263	4,085,113	6,198,763
La Banque du Peuple.....	1,600,000	1,600,000	539,173	4,186	946,763	515,930	2,176,559
" " Nationale.....	2,000,000	2,000,000	806,957	2,778	1,138,791	554,335	2,836,595
" " Jacques Cartier.....	500,000	500,000	404,385	47,447	729,010	280,667	1,726,895
Banque de St. Jean.....	500,000	404,250	300,944	14,892	79,783	288,844	775,562
" de St. Hyacinthe.....	500,000	225,990	129,769	16,950	16,700	174,754	346,202
" d'Hochelaga.....	500,000	291,090	221,959	1,330	1,211	663,260	988,200
Eastern Townships Bank.....	685,200	685,200	452,635	40,539	230,381	201,759	1,031,409
Exchange Bank of Canada.....	1,479,600	1,399,714	910,015	54,692	401,231	1,757,707	3,156,504
Molson Bank.....	2,000,000	2,000,000	492,427	61,424	1,114,175	98,326	3,035,792
Merchants' Bank of Canada.....	5,708,267	5,713,880	1,957,054	73,108	2,311,127	2,389,793	7,466,371
Quebec Bank.....	2,500,000	2,500,000	4,358,045	204,678	3,546,792	4,475,993	13,795,454
Union B'k of Lower Canada.....	2,000,000	2,000,000	743,562	36,519	2,026,405	784,716	5,081,292
Bank of Yarmouth.....	383,070	383,070	526,207	195	759,254	892,083	3,120,715
Bank of Nova Scotia.....	1,000,000	1,000,000	936,629	44,737	132,820	133,201	4,302,105
Exchange Bank.....	280,000	245,021	93,929	229,290	757,240	1,912,789	4,302,105
Merchants' Bank of Halifax.....	1,000,000	900,000	59,769	—	61,536	29,375	150,680
People's Bank.....	600,000	600,000	727,447	184,290	365,016	1,112,377	2,530,377
Union Bank.....	1,000,000	1,000,000	172,660	14,308	179,369	260,075	752,577
Pictou Bank.....	200,000	200,000	18,679	27,792	134,452	312,279	637,199
Halifax Banking Company.....	500,000	500,000	184,081	—	125,771	477,878	823,368
Commercial Bank of Windsor.	500,000	260,000	78,015	33,177	198,079	495,482	1,059,493
Bank of New Brunswick.....	1,000,000	1,000,000	538,025	84,865	34,453	138,193	2,070,36
Maritime Bank.....	668,000	697,800	370,172	83,534	626,615	845,281	2,138,239
St. Stephen's Bank.....	200,000	200,000	182,666	34,211	280,896	257,395	1,190,493
<b>Grand total.....</b>	<b>\$ 63,822,183</b>	<b>\$ 61,039,657</b>	<b>\$ 36,901,694</b>	<b>\$ 3,993,673</b>	<b>\$ 47,457,360</b>	<b>\$ 49,422,184</b>	<b>\$ 149,746,536</b>

\* The difference between the aggregate liabilities and those specified in the four preceding columns represent deposits payable to Dominion Government after notice, and those to Provincial Government, and sums due to other banks.

# ASSETS OF CHARTERED BANKS OF CANADA ON DECEMBER 31, 1882.

1882.]

## ASSETS OF CHARTERED BANKS OF CANADA.

631

Banks.	Specie.	Domini'on notes.	Notes and checks on other banks.	Bal. due from other banks in Canada.	Bal. due from other banks or agents not in Canada.	Bal. due from other banks or agents in United King. dom.	Loans secured by collateral.	Loans to the public.	Notes, etc., secured and deposited specially for deposit or item on stock, etc.	Total Assets.*
Bank of Toronto....	\$ 746,276	\$ 353,865	\$ 213,183	\$ 68,356	\$ 13,971	\$ 286,159	\$ 562,472	\$ 6,109,491	\$ 5,927	\$ 9,148,796
Canad. Bk. of Com....	104,865	74,334	50,032	71,336	2,578,597	67,072	531,730	1,000,134	5,179	3,334,589
Ontario Bank.....	138,666	148,474	795,576	213,959	513,554	—	675,934	17,200,086	177,125	8,823,585
Union Bank.....	213,596	311,131	141,271	299,121	451,554	—	6,511,210	5,181,010	8,880	6,018,183
Standard Bk. of Can....	75,597	132,133	63,668	79,868	67,658	7,767	820,734	2,993,041	7,137	3,820,844
Federal Bk. of Can....	364,979	568,910	624,568	6,444	6,848	25,331	8,262,633	31,999	7,503	11,932,558
Bank of Ottawa.....	27,779	31,745	35,678	64,444	87,248	—	718,593	1,868,200	2,400,377	3,400,377
Imperial Bk. of Canad.	24,154	311,385	36,744	243,853	39,641	3,976	1,557,741	5,609,241	15,933	7,684,304
West'n Bk. of Can....	1,154	3,264,458	1,261,153	59,868	1,119	—	—	31,583	—	353,800
Bk. of Montreal.....	2,033,856	3,264,458	1,261,153	202,740	5,032,572	670,537	6,145,509	18,705,967	141,319	44,641,832
Bk. Brit. Nor. Am....	33,003	800,378	295,258	74,705	1,703,572	—	2,228,337	5,610,777	26,804	11,549,095
La Banq. du Peuple....	141,180	282,205	46,083	105,112	32,211	1,646	343,867	3,057,602	161,178	3,084,065
" Nationale.....	17,210	11,514	49,103	42,346	8,801	12,228	166,034	3,458,190	125,541	4,019,372
Banq. du Ville Marie	7,468	12,838	56,216	1,040	11,816	—	—	1,421,053	266,705	2,418,334
" St. Jean.....	17,020	30,891	8,523	27,611	1,005	—	8,425	773,021	8,909	1,267,854
" St. Hyacinthe.....	38,251	32,760	43,465	41,983	11,938	—	—	475,487	9,610	1,220,076
East'n Townships.....	111,691	85,009	36,792	46,486	8,734	16,399	—	920,679	17,878	1,274,183
Exch'ge Bk. of Can....	34,617	38,595	104,694	209,371	235,551	12,430	659,718	2,541,486	68,718	4,948,947
Molson's Bank.....	325,266	334,632	335,373	91,254	10,341	—	57,430	2,058,405	17,308	3,002,814
Merchants Bk. Can....	431,090	676,111	677,621	73,180	15,317	91,608	395,073	8,035,223	95,742	10,060,215
Quebec Bank.....	102,278	123,397	160,854	207,302	453,817	188,085	965,068	14,580,983	10,185	20,871,599
Union Bk. Low Ca....	24,311	213,027	165,047	54,566	8,902	—	76,011	5,136,350	93,203	8,047,993
Bank of Yarmouth....	31,344	182,287	8,922	97,112	12,642	2,547	17,317	488,387	45,126	5,240,877
Bk. of Nova Scotia....	359,557	359,557	243,065	90,071	59,013	—	75,065	4,010,051	—	8,20,975
Exchange Bank.....	21,048	14,466	4,858	41,518	19,303	—	—	299,235	13,552	5,705,335
Mer. Bk. of Halifax	91,962	141,738	130,197	59,599	17,064	5,168	—	2,511,208	10,570	446,760
People's " ".....	28,379	71,229	41,757	5,643	33,194	—	—	738,341	7,452	3,738,899
Union " ".....	16,523	42,445	42,152	46,759	13,913	50,208	—	1,111,995	8,502	1,456,993
Pictou Bank.....	30,641	37,305	28,764	16,410	130,437	120,437	600	7,336,341	3,296	1,234,549
Halifax Bk'g Co.....	15,252	31,924	61,866	7,591	4,075	9,437	24,847	9,224,476	—	1,087,016
Com. Bk. Windsor....	18,275	13,220	1,866	3,988	9,418	29,061	—	1,380,152	30,634	1,608,032
New Brunswick.....	79,348	245,043	65,377	160,381	23,900	2,733	116,811	416,541	66,086	662,780
Maritime Bank.....	7,446	115,003	51,477	11,652	3,699	—	—	2,630,188	54,023	3,702,243
St. Stephen's Bank....	35,180	—	37,606	11,369	33,870	14,104	1,215,969	460,290	2,775	1,730,381
Grand total....	\$ 6,555,761	\$ 10,461,842	\$ 6,765,973	\$ 3,331,521	\$ 11,140,072	\$ 1,813,235	\$ 16,861,583	\$ 144,414,108	\$ 1,679,854	\$ 230,675,208

\* The difference between the total assets and those specified in the preceding columns represent real estate held by the banks, loans to the Dominion and Provincial Governments, municipal and other corporations.

## BANKING AND FINANCIAL ITEMS.

---

**"Notes on the Money Market."**—Attention is invited to the enlarged scope of this department of the *BANKER'S MAGAZINE*. It now presents a comprehensive review, commercial as well as financial, of the past month. The prudent banker watches all signs that may affect the prosperity of his customers, and we trust that this careful and impartial summary may prove of advantage as well as of interest to our readers.

---

**OPERATION OF THE SILVER LAW.**—The Director of the Mint has prepared a very interesting statement of the operation of the Silver law during the calendar year 1882. The total increase of the coinage of silver dollars has been \$27,574,100. Only \$3,117,195 have gone into circulation, while only \$6,128,340 have been put out in the form of silver certificates. The remainder, \$19,297,565 remain, as the Director naively remarks, "for distribution." The Treasury held on January 1, 94,016,842 of silver dollars, of which \$68,443,660 were to redeem certificates. It is a very pretty problem to calculate how long we shall have to go on adding \$20,000,000 or so a year to our uncurrent coin in the Treasury in order to check the fall in the price of silver. We began with the silver dollar worth about eighty-six cents; we have coined \$133,000,000, and the silver dollar is now worth eighty-one cents.

**NATIONAL POSTAL TELEGRAPH.**—Mr. Anderson, of Kansas, an anti-monopolist, has introduced a bill into the lower House of Congress to establish a Government postal telegraph. The bill provides for issuing bonds for \$3,000,000, redeemable in twenty years, and payable in thirty years at three per cent., \$300,000 to be retained each year, to be applied to the redemption of bonds. The main line is to extend from Portland, Maine, to Topeka, Kansas, with branches to all points which it may be deemed advisable to reach. Offices are first to be established only in carrier post-offices, and then, if considered feasible by the Postmaster-General, in smaller offices, with the proviso that if the receipts are insufficient to meet the expenditures, the postmaster at the office where the deficiency occurs shall make good the deficiency. The uniform rate of twenty-five cents for ten words will be the tariff, unless the Postmaster-General, because of competition or other causes, shall deem it advisable to reduce the rate. The Postmaster-General is further authorized to withhold part of the bonds from the market for five years, in order that they may be sold to pay the interest on those sold if the receipts during that period are not sufficient to pay interest. The bill is designed to establish a postal telegraph system similar to that of England, without the expenditure of a single dollar by the Government of the United States, and it is believed by the framer that long before the expiration of the thirty years a ten-cent rate of tariff will be the rule all over the United States.

**MONEY ORDERS SENT ABROAD.**—An idea of the vast amount of money annually sent abroad, by money order, may be gleaned from the fact that, from New York alone, there were sent last year to Great Britain \$3,080,733; to Germany, \$2,295,000; to France, \$112,000, and over \$700,000 to other countries. In the same time over \$8,000,000 was received from European countries by money order.

**BANK DEPOSITORS' LIABILITY.**—A decision of considerable interest to Savings-bank depositors has just been handed down by the Albany County General Term of the Supreme Court, in the suit of the People of the State *against* the Mechanics and Traders' Savings Institution. The case came before the Court on appeal from a decision of the Special Term, denying a creditor's right to be paid before depositors. The bank became insolvent in 1877. Mr. Best was appointed receiver to wind it up and distribute the assets among the depositors. Mr. Sistare, after a long and expensive litigation, obtained a judgment against the bank for about \$9000. Mr. Best insisted that Sistare should share with depositors in a pro rata distribution. Mr. Sistare claimed a preference and demanded payment in full. The Special Term sustained the receiver and Mr. Sistare appealed. The decision just rendered declares Mr. Sistare's right to be paid in full. The ground is that Mr. Sistare being a creditor, had no interest in the earnings of the bank and should not suffer losses, while the depositors, being entitled to interest on their deposits, should bear all the losses.

**DRY GOODS BANK.**—On a petition of its Directors, the Supreme Court dissolved the Dry Goods Bank on December 4, 1879, and appointed William P. Brintnall as the receiver of its property and affairs. Receiver Brintnall petitioned for discharge from his duties two weeks ago, and Judge Lawrence, in Supreme Court, Chambers, appointed Mr. Edward Patterson as Referee to pass upon the Receiver's accounts. The Referee reported that the accounts were correct, and that he found that the receiver had in his possession the sum of \$33,414.08 left after the payment of all the bank's debts. Judge Lawrence made an order recently discharging Receiver Brintnall from his trust after he shall have declared a dividend of 326-100 per cent. upon the bank's capital stock. The order directs Receiver Brintnall to pay over to the City Chamberlain the money representing dividends not claimed by stockholders or their representatives.

**ARKANSAS.**—The Merchants' National Bank of Little Rock has now a capital of \$250,000, with a surplus and undivided profits of \$60,000. It has prospered steadily under the efficient management of its officers, among whom are Hon. Logan H. Roots, President; Wm. B. Wait, Vice-President, and P. K. Roots, Cashier.

**LOANS IN GEORGIA.**—A single Georgia firm, representing Northern capital, has loaned within a year \$1,000,000 on Georgia farms, and is still loaning at the rate of \$100,000 a month. Interest is paid on these loans at the rate of eight per cent., and ten per cent. commission included. This looks bad to an outsider, but, in the words of a Georgia contemporary, "it is much better than the old system, under which the farmers ran an account and paid an average of fifty-four per cent. interest on the supplies and fertilizers they bought." A farmer who bought \$2000 worth of supplies paid the commission merchant \$3000, while he pays the money-lender less than \$2400. To one he mortgaged his crop—to the other his land. When the Georgia farmer raises his own corn, wheat, bacon and other provisions that he cannot get along without, and pays for what he buys with money that he has earned, he will be on a sound financial basis, and not before. He is on a dangerous down grade as long as he adheres to the system of mortgaging either the land or the crops.

**NEW YORK BANKS.**—Superintendent Hepburn, of the Bank Department of this State, in his annual report, states that the number of banks of discount and deposit in operation under the laws of New York are seventy-six, with an aggregate capital of \$18,805,700, and surplus funds of \$5,700,400. The total number of State banks in 1880 was sixty-eight, five new banks being organized in the past year. At the close of the fiscal year, September 30, 1882, the aggregate resources were \$122,563,400; and at that date the Superintendent held, in trust for various associations and trust companies, \$1,214,658. Of this amount, \$53,536 was held as security for the redemption of outstanding circulation yet redeemable, \$1,000,446 for trust companies, and \$86,276 subject to the orders of its owners.

**MICHIGAN.**—The capital of the Merchants and Manufacturers' National Bank, Detroit, is now \$500,000. Its officers are Theodore H. Hinchman, President; D. Whitney, Vice-President, and Frederick W. Hayes, Cashier. This bank invites correspondence and will give prompt attention to collections.

**SMALL NOTES.**—The rapid decrease of the number of National bank notes of the denominations of one dollar and two dollars will soon enable the Government to discover just what percentage of the total issue has been lost or destroyed. None of these notes have been issued since January 1, 1879, when the value of those outstanding was nearly \$8,000,000. The value of bank notes of these denominations now outstanding is less than \$1,000,000, but while the number of these notes has decreased, the number of legal tenders of the same denominations has increased more than \$12,000,000, the total being nearly \$53,000,000. These facts may be interesting in connection with the fortunes of the silver dollar. The loss by wear and tear in the circulation of banks whose charters have been discontinued has been found to be about three-fourths of one per cent.

**ST. LOUIS BANKS.**—The following is the statement of the eighteen State banks on the 15th December, 1882, and six National banks on the 30th December, 1882, compared with statement of 31st December, 1881, compiled by E. Chase, Manager of the Clearing House.

	31st Dec., 1881.	15th and 30th Dec., 1882.	Differences.
Capital and Surplus.....	\$11,696,063	\$13,492,964	.. Increase.. \$1,796,901
Savings and Time Deposits.	7,863,391	8,901,522	.. " .. 1,038,131
Current Deposits.....	35,479,737	32,827,489	.. Decrease.. 2,652,248
Circulation.....	1,448,590	632,850	.. " .. 815,740
<b>Liabilities.....</b>	<b>\$56,487,781</b>	<b>\$55,854,825</b>	<b>" .. \$632,956</b>
Bonds to Secure Circulation	1,610,000	710,000	.. Decrease.. 900,000
Good Loans and Bonds....	41,578,226	39,898,252	.. " .. 1,679,974
Cash, Checks and Exchange	5,990,551	7,599,187	.. Increase.. 1,608,636
Cash, Coin and Currency..	6,276,348	6,627,153	.. " .. 350,805
Real Estate and other Assets	1,032,656	1,020,228	.. Decrease.. 12,428
<b>Assets.....</b>	<b>\$56,487,781</b>	<b>\$55,854,825</b>	<b>" .. \$632,956</b>

**NORTH CAROLINA.**—Messrs. Wm. H. S. Burgwyn & Co., have established at Henderson, Vance County, a banking house, for the transacting of a general banking, exchange, and collection business. Mr. R. L. Daingerfield is their Cashier. Among their correspondents are the Importers and Traders' National Bank, New York, and Messrs. J. J. Nicholson & Sons, Baltimore.

**OHIO.**—A new organization called the National Bank of Elyria, will begin business in that city, February 26th, with a capital of \$150,000. The officers elected are Heman Ely, President; Henry E. Mussey, Vice-President; John W. Hulbert, Cashier. They have each a record of successful experience in banking, Mr. Hulbert having been Cashier since 1856, and from 1863 of the First National Bank of Elyria, which goes into liquidation on expiration of its charter, February 24. The officers of the latter remain as before.

The President of the old bank, Mr. Elijah De Witt, has been a bank President since 1848, first of the Lorain Branch of the State Bank of Ohio until 1864, then of its successor, the First National Bank of Elyria, and now at the age of eight-three, is in the bank every day. Failing eyesight has, however, compelled him to decline official position in the new bank.

**Delaware.**—Mr. W. D. Heim, President of the Delaware County National Bank, Delaware, Ohio, died on January 8th, at the age of seventy years.

Mr. Sidney Moore, Cashier of that bank from its first organization, and also of its predecessor, the Delaware County Bank, has been fifty elected to the Presidency, and Mr. William Little appointed Cashier.

**PHILADELPHIA.**—The Tradesmen's National Bank of Philadelphia, formerly having a capital of \$400,000, has increased its capital and surplus to \$1,000,000.

**HISTORY OF A COIN.**—A coin is in itself a history. There was once a lost city which owes its place to a coin. For over a thousand years no one knew where Pandosia was. History told us that at Pandosia King Pyrrhus collected those forces with which he overran Italy, and that he established a mint there; but no one could put their finger on Pandosia. Eight years ago a coin came under the sharp eyes of a numismatist. There were the letters Pandosia inscribed on it, but, what was better, there was an emblem, indicative of a well-known river, the Crathis. Then everything was revealed with the same certainty as if the piece of money had been an atlas, and Pandosia, the mythical city, was at once given its proper position in Bruttium. Now, a coin may be valuable for its artistic merit, but when it elucidates a doubtful point in history or geography its worth is very much enhanced. This silver coin, which did not weigh over a quarter of a dollar, because it cleared up the mystery of Pandosia, was worth to the British Museum \$1000, the price they paid.

**HIDDEN TREASURE.**—While an old house in the Rue Vielle du Temple, Paris, was being demolished a few weeks ago, a mass of hidden treasure was brought to light. In a copper jar were found 7822 gold pieces of an intrinsic value of more than \$20,000. Many of them are exceedingly rare. Two workmen made the discovery, and, according to French law, they were entitled to one-half the value of the coins, which was promptly paid them by the owner of the house. No sooner had they received their money than they took their departure and indulged themselves in a long carouse. After they had recovered from their dissipation, they set about digging among the foundation at night, by the light of a lantern, in the hope of finding another mass of treasure. Of course they found nothing. In a day or two they disappeared from Paris and have been heard from no more. The old house was erected in the fourteenth century and had been occupied by a Superintendent of Finance.

**AUSTRALASIAN DEBTS.**—In a paper read before the Royal Colonial Society recently, it was said that though the debt of the Australasian colonies had increased in the past twenty years, the progress of the colonies has been more than equal to the growth of the liabilities. Of the nearly one hundred million pounds borrowed by the colonies, nine-tenths has been expended on railways, telegraphs, and other public works, and immigration. Not one-fourth of the debt is left on which the interest is not actually earned. The revenues have increased enormously since 1860. The paper further asserted that more than one-third of the whole revenue is raised by taxation, while the colonies derive four times as much revenue from customs per head as is raised in England, six times as much as in France, ten times as much as in Germany, and nearly three times as much as in the United States. The annual charge of their debt in proportion to the revenue is much lighter than in most of the great countries of Europe. Comparing the volume of trade with population, statistics show that one Australasian colonist does as much trade as two Englishmen, four Frenchmen, five Germans, six Americans, or eight Italians; and the further claim, modest enough surely after all this, is put forth that Australasia is worth more to the English manufacturers than America, France, or Germany.

**AUSTRIAN SILVER IMPORTATIONS FROM FRANCE.**—The Vienna *Neue Freie Presse* declares the recent importations of silver into Austria from France to be the result of operations which began some months back. A well-known firm, which had engaged to coin 20,000,000*f.* of silver money for Morocco, had a large amount of silver florins (from three to four millions) forwarded from Vienna, where they were purchased at one-half per cent. below the London parity for the white metal. These florins were deposited at the Bank of France, which made the necessary advances at the rate of one per cent. per annum. Now that the importation of silver from London to Austria offers a margin of two and one-half per cent. this firm has withdrawn the florins, in order to send them back to Vienna, it being to its advantage to purchase in London, at an inferior price, the amount of silver of which it may stand in need to carry out its contract with Morocco.



**RICHEST MAN IN MEXICO.**—The richest man in Mexico is declared to be an Irishman named Patricio Milmo, whose possessions are valued at \$10,000,000. He lives on a high tableland comprising about 400,000 acres, which is some 3500 feet high, the sides of it being rocky and perpendicular. His residence is a handsome stone structure furnished in royal fashion. Several times he has been captured by brigands and been compelled to pay from \$10,000 to \$25,000 ransom. Recently he caused the approaches to this piece of tableland to be so altered as to convert the place into a sort of citadel, accessible only by a narrow path, which is obstructed by an iron gate of enormous proportions.

**SPECIE SHIPMENTS TO INDIA.**—A recent foreign exchange has the following in relation to the recent large imports of gold and silver into India: "The overpowering disposition, which India has always shown in prosperous times, to absorb the precious metals is illustrated in the official returns, showing the imports into the dependency during the three months ended 30th June last. Within the last three months the total receipts from foreign countries of gold and silver were £5,597,700, against £1,863,464 during the corresponding period in 1881. Of the former amount, not less than £3,611,991 consisted of silver, against only £881,294 imported during the same three months in 1881. Whence was this large increase of about £2,700,000 derived? About £1,100,000 came from the United Kingdom, but less than £1,242,856 was derived from Italy, not a single rupee having been received from that country during this period last year. It appears, therefore, that Italy is getting rid of the surplus silver occasioned by the change to a gold standard by exporting it to India. It cannot be said, however, that the quantity hitherto sent has been very large, and it does not seem to be increasing, the receipts of Italian silver during June having reached only £105,200. The imports of gold into India during the three months in question reached £1,985,709, against £982,170 in 1881. Of the increase thus shown, rather more than one-half came from the United Kingdom, about £250,000 from Australia, and the rest mainly from China.

---

## OBITUARY.

The Hon. JOHN B. HOWE, of La Grange County, Indiana, died at his residence in Lima, on January 23d. Mr Howe was formerly President of the La Grange Bank of Lima, and has for half a century been a prominent and honored citizen of the State. He was an accomplished banker, thoroughly conversant with the theory, principles and practice of this profession, as well as of the law. A deep and original thinker, he had studied closely the science of money, and upon this subject has written several books, which have been reviewed in this Magazine. A gentleman of high sense of honor, and a conscientious Christian, he will long be remembered by a wide circle of friends.

The Hon. GEORGE C. BURDETT, President of the Central National Bank of Troy, N. Y., died in his home in that city on January 22.

Mr. Burdett was born in Grafton, Vt., sixty-five years ago. His first mercantile venture was at Whitehall, where he entered the grocery business. Later he was engaged in transportation and milling. Mr. Burdett removed to Troy about 1850, and in 1868 engaged in the manufacture of stoves. In addition to the buildings and foundries used in Troy, the firm of Burdett, Smith & Co. conducted a large branch house in Chicago.

In 1864 Mr. Burdett was chosen Vice-President of the Central National Bank, and in 1874 its President. He also held during his life a number of positions of public trust and honor, State as well as city. In addition to the pecuniary success which crowned his business efforts, he leaves behind the more enduring monument of a good name. He will long be remembered as a kind employer, who fostered the best interests of his workmen. His kindness to the poor and unfortunate was not ostentatious, but it was none the less ready, and many an unheralded deed of a kind heart can be recalled to testify to the worth of George C. Burdett.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from January No., page 557.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
NEW YORK	CITY.....	Seaboard Bank.....	.....
	\$500,000	W. A. Pullman, <i>Pr.</i>	Stuart G. Nelson, <i>Cas.</i>
COL.	Golden.....	Jefferson County Bank.....	Imp. & Tra. Nat'l B'k.
		Levi M. Smith, <i>Pr.</i>	A. G. Smith, <i>Cas.</i>
	Grand Junction.	Bank of Grand Junction..	United States Nat'l Bank.
		(S. G. Crandall.)	
	Trinidad.....	Tailor & Brown.....	.....
DAKOTA	Larimore.....	First National Bank.....	.....
	\$50,000	Andrew J. Bowne, <i>Pr.</i>	Charles A. Bowne, <i>Cas.</i>
ILL.	Chicago.....	Drovers' National Bank..	.....
	\$100,000	Solva Brintnall, <i>Pr.</i>	Henry G. Brainard, <i>Cas.</i>
	Adeline.....	George W. Mitchell.....	.....
IOWA.	Des Moines....	Union Savings Bank.....	.....
	\$50,000	P. M. Casady, <i>Pr.</i>	J. W. Geneser, <i>Cas.</i>
	Estherville....	Emmet County Bank.....	Traders' Bank, Chicago.
		(Hin man & Schleiter.)	
	Fort Dodge....	Fort Dodge Loan & Trust Co.	.....
		C. C. Carpenter, <i>Pr.</i>	Chas. A. More, <i>Sec.</i>
	Holstein.....	Hallam, Reed & Co.....	First Nat'l B'k, Chicago.
	Pleasantville..	Citizens' Bank.....	.....
		Miles Jordan, <i>Pr.</i>	E. Ed. Wright, <i>Cas.</i>
	Van Horn.....	Benton County Bank.....	.....
KY.	Owenton.....	First National Bank.....	.....
	\$63,000	J. W. Johnson, <i>Pr.</i>	N. H. Witherspoon, <i>Cas.</i>
MASS.	Boston.....	Hatch & Foote.....	Hatch & Foote.
MICH.	Bad Axe.....	Walker & Seely.....	.....
	Midland City..	First National Bank.....	Imp. & Tra. Nat'l B'k.
	\$60,000	Milton P. Anderson, <i>Pr.</i>	William D. Marsh, <i>Cas.</i>
	Port Austin....	James H. Hall.....	.....
MO.	Versailles....	Bank of Versailles.....	Amer. Exchange Nat'l B'k.
	\$5,000	Peter G. Woods, <i>Pr.</i>	Will. L. Stephens, <i>Cas.</i>
NEB.	Central City..	D. Martin & Co.....	.....
N. Y.	Adams.....	Adams National Bank....	Imp. & Tra. Nat'l B'k.
	\$50,000	Willis A. Waite, <i>Pr.</i>	G. W. Hannahs, <i>Cas.</i>
OHIO.	Lima.....	Lima National Bank.....	Third National Bank.
	\$100,000	Silas W. Moore, <i>Pr.</i>	Frank L. Langan, <i>Cas.</i>
	Elyria.....	National Bank of Elyria..	Imp. & Tra. Nat'l B'k.
	\$150,000	Heman Ely, <i>Pr.</i>	J. W. Hulbert, <i>Cas.</i>
OREGON	Baker City....	First National Bank.....	.....
	\$50,000	D. P. Thompson, <i>Pr.</i>	Rollin J. Reeves, <i>Cas.</i>
PENN.	Christiana....	Nat'l Bank of Christiana.	.....
	\$50,000	Samuel Slokom, <i>Pr.</i>	William H. Sproul, <i>Cas.</i>
	Gap.....	Gap National Bank.....	.....
	\$50,000	Joseph W. Walker, <i>Pr.</i>	C. Himes, <i>Cas.</i>
	West Chester..	Farmers' National Bank..	Donnell, Lawson & Simpson.
	\$100,000	Samuel Butler, <i>Pr.</i>	William Dowlin, <i>Cas.</i>
TENN.	Lewisburg....	Bank of Lewisburg.....	.....
		J. N. Sullivan, <i>Pr.</i>	T. W. Brents, <i>Cas.</i>
TEXAS.	Austin.....	A. P. Wooldridge.....	.....
VA.	Charlottesville.	Bank of Albemarle.....	B'k New York N. B. A.
		S. V. Southall, <i>Pr.</i>	G. Peyton, <i>Cas.</i>
MAN.	Gladstone....	Lockhart, Bailey & Co....	.....
	Nelson.....	McEwan, Dunsford & Co.	.....
	Portage la P.	McEwan, Dunsford & Co.	.....
	Regina.....	Canadian Bank of Commerce.	.....

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No., page 555.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY, Mercantile	William P. St. John, <i>Pr.</i>	.....
National Bank.	Fred'k B. Schenck, <i>Cas.</i>	W. P. St. John.
National Shoe and	John M. Crane, <i>Pr.</i>	A. V. Stout.
Leather Bank.	Henry M. Knapp, <i>Cas.</i>	J. M. Crane.
United States Nat'l Bk.	Logan C. Murray, <i>V. P.</i>	.....
Corn Exchange Bank.	Evan G. Sherman, <i>Cas.</i>	L. C. Murray.
	Henry M. Hoyt, jr., <i>A. C.</i>	.....
	William A. Nash, <i>Pr.</i>	W. A. Falls.
CAL.... Savings and Loan Society, San Francisco.	Horace Davis, <i>Pr.</i>	J. Brickell.
First National Bank, Alameda.	Conrad Liese, <i>Pr.</i>	L. Jenks.
	Dell Linderman, <i>V. P.</i>	W. B. Clement.
COL.... Bank of San Juan, Alamosa	H. I. Ross, <i>Cas.</i>	.....
CONN... First National Bank, Hartford.	C. S. Gillette, <i>Pr.</i>	E. H. Crosby.
First Nat'l B'k, New Milford.	J. H. Knight, <i>Cas.</i>	C. S. Gillette.
Winsted National Bank.	Henry S. Mygatt, <i>Cas.</i>	H. Ives.
	T. M. Clarke, <i>Pr.</i>	J. G. Wetmore.
DAK.... First National Bank, Canton.	Mark Ward, <i>Cas.</i>	A. C. Eaton.
	A. C. Eaton, <i>A. C.</i>	.....
GA.... Merch. Nat'l B'k, Savannah.	George L. Cope, <i>Pr.</i>	H. Brigham.*
ILL.... Union Nat'l Bank, Chicago.	W. C. D. Grannis, <i>Pr.</i>	C. T. Wheeler.
	C. B. Farwell, <i>V. P.</i>	W. C. D. Grannis.
	W. O. Hipwell, <i>A. C.</i>	.....
Greene County Nat'l Bank, Carrollton.	Ornan Pierson, <i>Cas.</i>	R. Pierson.
East St. Louis Bank.	Henry Jackeisch, <i>Pr.</i>	T. Winstanley.
Workingmen's Banking Co., East St. Louis.	Joseph Yoch, <i>Pr.</i>	R. J. Whitney.
First Nat'l B'k, Greenville.	R. H. Northcott, <i>Cas.</i>	M. V. Denny.
Salem National Bank, Salem.	James S. Martin, <i>Pr.</i>	J. J. Bennett.
IND.... First National Bank, Auburn.	C. A. O. McClellan, <i>Pr.</i>	G. Plumb.
	Guy Plumb, <i>V. P.</i>	C. A. O. McClellan.
	W. H. McIntyre, <i>Cas.</i>	W. McIntyre.
German National Bank, Evansville.	W. McIntyre, <i>A. C.</i>	.....
	Philip C. Decker, <i>V. P.</i>	.....
	Henry L. Cook, <i>Cas.</i>	P. C. Decker.
IOWA... National State Bank, Burlington.	John T. Remey, <i>Pr.</i>	E. D. Rand.
	E. D. Rand, <i>V. P.</i>	J. C. Peasley.
	T. G. Foster, <i>Cas.</i>	J. T. Remey.
KAN.... First National Bank, Abilene.	J. E. Bonebrake, <i>Pr.</i>	J. J. J. J. J.
Farmers & Merchants' Bank, Newton.	C. B. Hoffman, <i>V. P.</i>	A. W. Rice.
	John A. Randall, <i>Pr.</i>	O. H. Woodward.
	G. W. Witter, <i>Cas.</i>	C. R. Munger.
First National Bank, Topeka.	J. D. Burr, <i>Pr.</i>	T. Curran.
	J. W. Redden, <i>V. P.</i>	.....
	F. G. Willard, <i>A. C.</i>	.....
KY.... Covington City National Bank.	J. D. Shutt, <i>Pr.</i>	J. W. Stevenson.
Farmers and Traders' Bank, Shelbyville.	John A. Middleton, <i>Pr.</i>	J. L. Caldwell.
First National B'k, Stanford.	John J. McRoberts, <i>Cas.</i>	J. W. McAlister.
La.... State National Bank, New Orleans.	William P. Nicholls, <i>A. C.</i>	J. E. Jarreau.*
MD.... First National Bank, Baltimore.	Joseph A. Sprigg, <i>Pr.</i>	J. S. Norris.*
	William E. Hooper, <i>V. P.</i>	.....

\*Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MASS...	Boston National Bank, Boston.	James H. Bouvé, <i>V. P.</i> .....	.....
"	" .. Continental Nat'l B'k, "	D. H. Hallett, <i>Cas.</i> .....	J. H. Bouvé.
"	" .. Everett National Bank, "	William T. Hart, <i>Pr.</i> .....	O. Ditson.
"	" .. Hamilton Nat'l Bank, "	Phineas Pierce, <i>V. P.</i> .....	W. T. Hart.
"	" .. First National Bank, Cambridgeport.	John H. Reynolds, <i>Cas.</i> ...	G. E. Carr.*
"	" .. Hingham National Bank.....	A. H. Bean, <i>Pr.</i> .....	S. S. Blanchard.
"	" .. Orange National Bank, Orange.	D. U. Chamberlin, <i>Pr.</i> ...	B. Tilton.
"	" .. Orange National Bank, Orange.	Frank R. Hilliard, <i>Cas.</i> ...	J. S. Tileston.
"	" .. Orange National Bank, Orange.	James H. Waite, <i>V. P.</i> ...	A. J. Clark.
"	" .. Orange National Bank, Orange.	Warren M. King, <i>Cas.</i> ...	J. H. Waite.
MICH...	Home National Bank, East Saginaw.		
MINN...	Amer. Exchange B'k, Duluth...	A. H. Comstock, <i>A. C.</i> ...	.....
"	" .. First National Bank, Stillwater.	James C. Hunter, <i>A. C.</i> ...	.....
"	" .. St. Croix Valley Savings Bank, Stillwater.	Frank M. Prince, <i>Cas.</i> ...	F. A. Seymour.
MO....	Fifth National Bank, St. Louis.	Frank M. Prince, <i>Cas.</i> ...	F. A. Seymour.
"	" .. La Plata Savings Bank.....	Louis Espenscheid, <i>V. P.</i> .....	.....
"	" .. Citizens' Bank, Memphis....	C. C. Creelius, <i>Cas.</i> .....	T. Koch.*
"	" .. Randolph County B'k, Moberly.	W. T. Gilbraith, <i>Pr.</i> .....	G. N. Sharp.
"	" .. Savannah Savings Institution..	H. G. Pitkin, <i>Pr.</i> .....	.....
"	" .. Bank of Warrensburg.....	Milo Cowan, <i>A. C.</i> .....	C. F. Sanders.
"	" .. Bank of Warrensburg.....	B. R. White, <i>Cas.</i> .....	W. J. Hallack.
"	" .. Bank of Warrensburg.....	Gilbert McDaniel, <i>Cas.</i> ...	C. C. Somerville.
"	" .. Bank of Warrensburg.....	William P. Hunt, <i>Cas.</i> ...	J. H. Kinsel.
NEB...	Richardson County Bank, Falls City.		
"	" .. Bank of Polk County, Osceola.	J. L. Slocum, <i>Pr.</i> .....	M. S. Smalley.
N. H....	Souhegan National Bank, Milford.	C. B. Shaefer, <i>Act'g Cas.</i> .....	.....
N. J....	Union Nat'l B'k, Mt. Holly....	C. S. Averill, <i>Pr.</i> .....	R. R. Howison.
"	" .. First National Bank, Paterson.	John Marvell, <i>V. P.</i> .....	C. S. Averill.
"	" .. Mechanics' Nat'l B'k, Trenton.	S. L. Tomlinson, <i>Cas.</i> ...	W. I. Emley.
N. Y....	Cambridge Valley Nat'l B'k, Cambridge.	E. T. Bell, <i>Cas.</i> .....	A. Fardon.
"	" .. First Nat'l B'k, Canandaigua..	D. P. Forst, <i>Pr.</i> .....	.....
"	" .. First Nat'l B'k, Johnstown....	D. M. Westfall, <i>Pr.</i> .....	M. D. Hubbard.
"	" .. Highland National Bank, Newburgh.	Berry Long, <i>V. P.</i> .....	D. M. Westfall.
"	" .. Poughkeepsie National Bank..	H. B. Ferguson, <i>Cas.</i> ...	G. N. Williams.
"	" .. Manufacturers' National B'k, Troy.	James Younglove, <i>Pr.</i> .....	.....
"	" .. Manufacturers' National B'k, Troy.	M. C. Belknap, <i>Pr.</i> .....	A. Post.*
"	" .. Manufacturers' National B'k, Troy.	J. W. Taylor, <i>V. P.</i> .....	S. Ely.
"	" .. Manufacturers' National B'k, Troy.	Arthur Wilson, <i>Cas.</i> ...	M. C. Belknap.
"	" .. Manufacturers' National B'k, Troy.	John G. Boyd, <i>Pr.</i> .....	S. M. Buckingham.
"	" .. Manufacturers' National B'k, Troy.	George P. Ide, <i>Pr.</i> .....	H. E. Weed.
"	" .. Manufacturers' National B'k, Troy.	Henry Morrison, <i>V. P.</i> ...	P. D. Cowee.
OHIO...	Ashtabula National Bank, Ashtabula.		
"	" .. First National B'k, Cardington.	P. F. Good, <i>Pr.</i> .....	L. W. Smith.
"	" .. Ohio National B'k, Cleveland.	M. G. Dick, <i>V. P.</i> .....	P. F. Good.
"	" .. Fourth Nat'l B'k, Columbus..	E. J. Vaughan, <i>Cas.</i> .....	.....
"	" .. Delaware County Nat'l B'k, Delaware.	Henry C. Ellison, <i>Cas.</i> ...	.....
"	" .. Merchants' National Bank, Toledo.	Charles H. Frisbie, <i>Pr.</i> ...	W. S. Ide.
"	" .. Merchants' National Bank, Toledo.	Sidney Moore, <i>Pr.</i> .....	W. D. Heim.*
"	" .. Merchants' National Bank, Toledo.	William Little, <i>Cas.</i> .....	S. Moore.
"	" .. Merchants' National Bank, Toledo.	Reed V. Boice, <i>Pr.</i> .....	W. O. Parker.
"	" .. Merchants' National Bank, Toledo.	Frederick Eaton, <i>V. P.</i> ...	.....
PENN...	National B'k of Boyerstown.		
"	" .. First National Bank, Braddock.	Daniel L. Rhoads, <i>Pr.</i> ...	T. J. B. Rhoads.
"	" .. Jefferson County Nat'l B'k, Brookville.	Daniel B. Boyer, <i>V. P.</i> ...	.....
"	" .. First National Bank, Corry...	Jesse H. Lippincott, <i>Pr.</i> ...	P. C. Knox.
"	" .. First National B'k, Pittsburgh.	J. B. Henderson, <i>Pr.</i> .....	.....
"	" .. First National B'k, Pittsburgh.	Ed. A. Litch, <i>Cas.</i> .....	J. B. Henderson.
"	" .. First National B'k, Pittsburgh.	H. O. Lakin, <i>Pr.</i> .....	A. Davis.
"	" .. First National B'k, Pittsburgh.	Alexander Nimick, <i>Pr.</i> ...	.....
"	" .. First National B'k, Pittsburgh.	William N. Riddle, <i>Pr.</i> ...	J. H. Hopkins.
"	" .. First National B'k, Pittsburgh.	G. L. Reiber, <i>Cas.</i> .....	W. N. Riddle.
"	" .. First National B'k, Pittsburgh.	Thompson Bower, <i>Pr.</i> ...	J. G. Durham.
"	" .. First National B'k, Pittsburgh.	J. B. Leinbach, <i>V. P.</i> ...	T. Bower.
R. I....	Fifth Nat'l B'k, Providence....		
TENN...	Third National Bank, Chattanooga.	Wm. R. Dunham, <i>Cas.</i> ...	A. G. Stillwell.
"	" .. Third National Bank, Chattanooga.	D. E. Rees, <i>Pr.</i> .....	J. H. Warner.
"	" .. Third National Bank, Chattanooga.	J. P. Smartt, <i>V. P.</i> .....	D. E. Rees.

\* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
TEXAS..	First National Bank, } Gainesville.	R. S. Rollins, <i>V. P.</i> .....	.....
UTAH..	Deseret National Bank, } Salt Lake City.	H. S. Eldredge, <i>Pr.</i> .....	W. H. Hooper.*
VT.....	Brandon National Bank.....	Wm. Jennings, <i>V. P.</i> .....	H. S. Eld
"	Caledonia National Bank, } Dapville.	W. F. Scott, <i>Cas.</i> .....	F. Briggs.
"	"	James W. Simpson, <i>Pr.</i> .....	.....
VA.....	Planters' Nat'l B'k, Richmond.	John A. Farrington, <i>V. P.</i>	N. Stocker.
"	Shenandoah County Bank, } Woodstock.	James B. Pace, <i>Pr.</i> .....	C. E. Whitlock.
"	"	B. P. Newman, <i>Pr.</i> .....	M. Walton.
Wis....	Manufacturers' Nat'l B'k, } Appleton.	B. S. Schmitt, <i>V. P.</i> .....	.....
"	"	A. Galpin, <i>Cas.</i> .....	.....
"	Second National Bank, Beloit.	J. B. Gordon, <i>V. P.</i> .....	S. H. Slaymaker.
"	First National Bank, Madison.	M. E. Fuller, <i>V. P.</i> .....	A. Proudft.
WYOM..	Stock Growers' Nat'l B'k, } Cheyenne.	Thomas Sturgis, <i>Pr.</i> .....	J. M. Carey.
"	"	William C. Lane, <i>V. P.</i> .....	T. Sturgis.

## CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 557.)

NEW YORK CITY.....	Alley & Dowd; dissolved. New firm. Same style.
"	Bouvier & Wallace; dissolved.
"	Closson & Hays; dissolved. New firm. Style same.
"	W. E. Connor & Co.; dissolved. Limited partnership formed. Style same. Special capital \$250,000 to January 1, 1885.
"	M. E. De Rivas & Co.; dissolved. Limited partnership formed. Special capital \$50,000 to December 31, 1884.
"	Drexel, Morgan & Co.; admit George C. Thomas, Edward T. Stotesbury, and James W. Paul, Jr., in New York, Philadelphia, and Paris.
"	Humbert Bros.; dissolved. Now two firms: E. C. Humbert & Son, and W. P. Humbert & Co.
"	Lawson, Crane and Douglas; dissolved. Now Lawson, Douglas & Co. Special capital \$100,000.
ALA....	Alexander City. Renfro & Lancaster; closing banking business.
COL....	Golden..... L. J. Smith & Co.; now Jefferson County Bank. Levi M. Smith, <i>Pr.</i> A. G. Smith, <i>Cas.</i>
CONN..	Winsted.. Winsted National Bank; Boston Corr.: Maverick National Bank.
D. C...	Washington... H. D. Cooke, Jr., & Co.; L. A. Bartlett retires. Style—H. D. Cooke & Co.
ILL....	Chicago.. Union National Bank; capital increased to \$1,000,000, \$100,000 added to surplus.
"	Greenville..... First National Bank; voluntary liquidation January 9th.
"	Orion..... Lloyd & Gabrielson; now E. Gabrielson & Co.
"	Urbana..... Burpee & Curtiss; now Burpee, Curtiss & Richards.
IND....	Shelbyville..... Shelby Bank (Samuel Hamilton); admit Thomas W. Fleming. Now Samuel Hamilton & Co.
IOWA...	Harlan..... Shelby County Bank; surplus, \$4000.
"	Jesup..... Farmers' Bank; now First National Bank. Same officers and capital.
"	Lowden..... Petersen Brothers; now Petersen & Freund.
"	Richland..... A. C. Charlton & Co.; now Charlton, Stalker & Co.
KANSAS.	Coffeyville..... Ayres & Steele; now T. G. Ayres.
"	Wellington..... John G. Woods; now John G. Woods & Son.
MD....	Baltimore..... D. C. Fahnestock & Co; interest of Chauncey Brooks, deceased, ceases.

- MASS.... Boston..... Lawrence, Potter & Co.; now Potter, Lovell & Co.
- MICH... Ann Arbor..... Ann Arbor Savings Bank; capital \$50,000. Surplus and undivided profits \$32,625.
- "    Bay City..... First National Bank (410); now Bay National Bank (2853). \$200,000. Same officers.
- "    Dowagiac..... First National Bank; now Dowagiac City Bank. \$60,000. Same officers and correspondents.
- "    East Saginaw... Home National Bank; capital increased to \$300,000.
- "    "    "    Merchants' National Bank (1550); succeeded by Home National Bank (2761).
- "    Fenton..... J. B. Cranston; succeeded by Howard B. Latourette.
- MINN... Duluth..... Duluth National Bank; paid capital, Dec. 30, 1882, \$90,030.
- "    St. Paul..... German-American Bank; to become, May 2, National German-American Bank. Walter Mann, *Pr.* B. C. Howes, *V. P.* Gustave Willius, *Cas.* Joseph Lockey, *A. C.* \$2,000,000
- MO.... St. Louis..... Fifth National Bank; is a member of the Clearing House.
- "    "    "    Bank of Commerce; capital \$500,000. Surplus, \$1,520,000.
- "    "    "    Providence Savings Institution; capital \$200,000.
- "    Macon..... Scovern, Logan & Wilson; now First National Bank. \$50,000. Same management.
- "    Waverly..... Waverly Bank; winding up.
- MONT.. Butte..... Hoge, Brownlee & Co.; dissolved. New firm. Style same. F. R. McConnell retires. R. C. Chambers and M. Daily admitted.
- NEB... Grand Island... State Central Bank; surplus \$30,000.
- "    Neligh..... Bank of Neligh (Roche, Hall, Ray & Co.); now Roche, Anderson & Ray.
- N. J.... Jersey City... City Bank; failed.
- "    "    "    Fifth Ward Savings Bank; failed.
- N. Y... Adams..... Hungerford's Bank; succeeded by Adams National Bank.
- "    Delhi..... Railway Bank (S. H. White); failed and assigned.
- "    Fort Plain..... National Bank of Fort Plain (467); now Fort Plain National Bank (2860). Same officers and capital.
- "    Jefferson..... Jefferson Banking Co. (R. Hubbell); discontinued banking business.
- "    Troy..... First National Bank; to be succeeded by the National Bank of Troy. \$200,000. Thomas Coleman, *Pr.* F. A. Fales, *V. P.* George H. Morrison, *Cas.*
- "    "    "    G. Parish Ogden & Co., E. R. Vail retires. Style same.
- "    Windsor..... Windsor Bank (George Dusenbury); closed.
- N. C... Charlotte..... Traders' National Bank; voluntary liquidation, Jan. 9.
- OHIO... Cambridge.... First National Bank (141); now Old National Bank (2861). Same officers and capital.
- "    Dayton..... Gebhart, Harman & Co.; to be succeeded by the City National Bank. Simeon Gebhart, *Pr.* Gabriel B. Harman, *Cas.*
- "    Wellington.... First National Bank (464); reorganized as No. 2866. Same officers and capital.
- PENN... Philadelphia... Cassatt & Co., now Cassatt, Townsend & Co.
- "    "    "    Drexel & Co.; admit George C. Thomas, E. T. Stotesbury, and James W. Paul, Jr., in Philadelphia, New York and Paris.
- "    Bradford..... Dow & Co.; now Dow, Fullagar & Colman.
- "    Mauch Chunk.. G. B. Linderman & Co.; now Linderman National Bank. James I. Blakeslee, *Pr.* S. S. Smith *Cas.* \$50,000.
- TENN... Nashville..... Newell, Duncan & Co.; dissolved.
- TEXAS.. Honey Grove... Honey Grove Banking Association; now First National Bank. Same officers and capital.
- VA.... Richmond..... State Bank; surplus, December 30, \$25,897.
- WASH.. Colfax..... Hoover & Burke; sold to McClaine, Wade & Co.
- WIS... Menomonee.... Bank of Menomonee; now First National Bank. Same President, Cashier and capital. T. P. Wilson, *V. P.*

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from January No., page 554.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2849	National Bank of Christiana, PENN.	Samuel Slokom, Wm. H. Sproul.	\$50,000
2850	First National Bank..... Wellsville, N. Y.	Henry N. Lewis, Frank H. Farman.	100,000
2851	First National Bank..... Menomonee, WIS.	Frank J. McLean, James A. Decker.	50,000
2852	Linderman National Bank..... Mauch Chunk, PA.	James I. Blakeslee, S. S. Smith.	50,000
2853	Bay National Bank..... Bay City, MICH.	Byron E. Warren, Frederick P. Browne.	200,000
2854	First National Bank..... Larimore, DAK.	Andrew J. Bowne, Charles A. Bowne.	50,000
2855	First National Bank..... Midland City, MICH.	Milton P. Anderson, William D. Marsh.	60,000
2856	First National Bank..... Jesup, IOWA.	Thomas Taylor, George S. Murphey.	50,000
2857	Farmers' National Bank..... West Chester, PENN.	Samuel Butler, William Dowlin.	100,000
2858	Drovers' National Bank..... Union Stock Yards, ILL.	Solva Brintnall, Henry G. Brainard.	100,000
2859	Lima National Bank..... Lima, OHIO.	Silas W. Moore, Frank L. Langan.	100,000
2860	Fort Plain National Bank..... Fort Plain, N. Y.	Edwin W. Wood, Joseph S. Shearer.	200,000
2861	Old National Bank..... Cambridge, OHIO.	S. J. McMahon, A. R. Murray.	100,000
2862	First National Bank..... Macon, MO.	William Logan, John Scovern.	50,000
2863	National Bank of Elyria, OHIO.	Herman Ely, John W. Hulbert.	150,000
2864	Gap National Bank..... Gap, PA.	Joseph C. Walker, C. Himes.	50,000
2865	First National Bank..... Baker City, OREGON.	David P. Thompson, Rollin J. Reeves.	50,000
2866	First National Bank..... Wellington, OHIO.	S. S. Warner, R. A. Horr.	100,000
2867	First National Bank..... Honey Grove, TEXAS.	Young Burgher, T. U. Cole.	50,000
2868	First National Bank..... Owenton, KY.	J. W. Johnson, N. H. Witherspoon.	63,000

BEACH'S TABLES OF INTEREST AND DISCOUNT.—These tables have been published for over two years; are used and thoroughly tested by many of the largest banking and commercial establishments in this city and throughout the entire country, and are highly recommended by those who use them.

## NOTES ON THE MONEY MARKET.

The old year closed with the general expectation of a "January boom" in all the speculative markets, excepting cotton and petroleum.

January has come and gone, and so has the boom. The tide began to set in with the beginning of the month, but slowly, as confidence on the "bull" side of everything had been so severely shaken in the last six months of the old year, that "big operators" lacked the courage to lead a "bull" campaign, and the crowd the confidence to follow, though both were ready and waiting for the boom to strike them and carry them up.

It came in the second week in the month, and in genuine old-fashioned style, sweeping everything before it, and tossing the "shorts" high and dry upon the beach, where only heavy margins saved them from wrecking. This lasted for two weeks, with only slight and temporary relapses, and until the end of the third week of the month, when the flood began to recede, each wave coming in a little less distance than its predecessor and falling back a little farther, until the "boom" had collapsed, since when there was scarcely an exception to the down-grade movement, beside the two that existed on the advance early in the month, namely, cotton and petroleum, which advanced towards the close.

Wall Street and the produce markets moved together for once, and not by contraries, as usual and natural; for the legitimate causes that move railroad stocks up, move produce down, and *vice versa*. This time, however, the strength in the latter was led by wheat on the prospect of a short acreage next year in Europe, on account of the wet weather prevalent which interfered with fall seeding, to which especial attention was called by the terrible floods on the Continent. The importance attached to this state of affairs was so great that Europe was expected to come into our markets at once and anticipate any possible shortage that that might occur to her crops a year hence. Had these expectations been realized, the movement of our crops to the seaboard would have been materially hastened, and thus given the railroads an unexpected Winter traffic and increased earnings; at the same time it would have advanced prices of grain with which all other food staples would have sympathized more or less. Hence, stocks and produce moved up together. In part, upon what may be legitimate causes, though by anticipation rather than upon any realization of the above expectations; for Europe has not yet come up and taken any more than her usual quantity of wheat or anything else, and that is why the boom in produce has lasted no longer. Europe would not follow us, and this has created the suspicion that the situation has been exaggerated.

The chief reason of the advance, however, was that everybody except a few "shorts," was fixed for it; that is, they were "long" of these markets, in anticipation of this boom, for which they were ready and waiting as stated.

The transition from a stringent money market to an easy one, as we passed from the old year into the new, materially aided the movement at the outset, although the money market has ceased to be an element in speculation during the latter part of the month, as there has been no difficulty in getting time loans at six per cent. There has been no special demand from any trade ex-



cept the provision men or hog packers of the West, who have loaded up or rather been loaded down with heavy receipts of hogs, when they had prepared to get control of the stocks and bull the market on the belief in a small supply of hogs. Their mistake makes them unusually heavy borrowers of money this month, and large sums have been taken at six per cent. from New York by Chicago during the month. Some money has also gone to Chicago to carry grain; but, aside from this, the tendency of money has been rather towards this city from the interior than otherwise, as the movement of everything but hogs and cattle has been light.

This has been partially due to farmers "catching the boom" on wheat and holding back for higher prices; but largely to the heavy snow storms, intense cold and partial transportation blockade throughout the country. The damp condition of corn has been the great check to its free movement. It would not generally inspect to the speculative grade and there was too much of other grades for the regular trade. Hence a decline in the latter to a point which paid the country shipper better to hold it till spring, when it will grade No. 2, and in meantime sell it for May at ten cents more than he can get for it now.

The lighter movement of cotton is also due to bad weather and roads South, and hence the demand for money from that section has not been so large. In view of these conditions and the probable continuance of many of them for a time, there does not appear to be any immediate prospect of close money.

Our imports have apparently fallen within our exports again, to stay for the present, and hence the danger of the excess of the former, which threatened us early in the season, is postponed, although the latter are not so large as they should be or as they would, were not several, and in fact the most, of our export staples held by speculators above an export basis.

The chief danger in the near future is just now that speculation will get control of our export articles and take them off the sound legitimate basis, which it took the country six months to reach, through the liquidation necessary to get back from last year's short-crop basis to normal crops and prices again. Indeed, cheap money may be the worst thing we could have, if it tends to encourage speculation to the extent it bids fair to do, as shown by "covering" operations that are being carried on in Chicago in corn and threatened in provisions. These always flourish and will, so long as banks lend their cliques money to carry on the deals. Should we be cursed with another era of wild speculation and inflation, such as that from which we are emerging slowly, by the grace of big crops, it would place us where another short-crop year would nearly bring a panic, which we should have had this year had it not been averted by enormous crops. The country is not out of the woods yet and wants to go slowly another year, and catch up with the extension and production which has been for four years so stimulated, that we have an overproduction of railroads and "securities," and coal, and iron, and cotton, and woolen goods. We must have time to work this surplus off or grow up to it before it is safe to branch out and "bull" the country's prospects, or rather anticipate its development again.

The stock market is not absorbing so much money per share as a year ago, because of the heavy decline in prices, but the list of securities, so called, has been immensely swelled to absorb the country's surplus wealth faster than it is created, and this January boom in stocks can scarcely be regarded as

anything but an unloading of big operators on little ones. The public very wisely, if not from necessity, are letting stocks alone to the speculators of the Street, who are trying to get rich off each other. Gould and Vanderbilt and Field and Sage have, no doubt, worked off a good deal of their old shop-worn goods since their last "spring's opening," as it was called, when Gould had to show his inventory to stop the break in prices. It is said on the street now that Gould has improved the past year to reduce the stock of this class of goods, and that his shelves are comparatively bare, preparatory to his surveying a new cable route around the world in his yacht next summer. Having exhausted this country and Mexico for railroad building for the next ten years, and watered stocks enough for the investors of this country for an equal period, he now proposes to seek safer investment for his money under water in cables.

But Vanderbilt is credited with having loaded up very heavily with his own stock in the past six months to hold the market from a panic, and with having sold government bonds largely to pay for them; and if things get on the down grade in the stock market again, as badly as they did before this January boom, he may have a "spring opening" this year too. It is claimed this last break is making an enormous short interest, that will have to pay still higher prices to "cover;" but we shall see what we shall see. The outlook on its merits is not a bull one, on Wall Street, until we see another abundant harvest. The crops of 1882 will only make up the losses of the railroads on the small crops of 1881, and the snow blockades and the intense cold weather this winter are putting some of the roads back months on their earnings.

As to the outlook in the produce markets we have a good season before us on a sound legitimate situation, if speculation does not upset it by carrying prices too high and beyond an export basis. We have a large balance of all our crops still left in the country, and, if we keep it instead of letting Europe have it, and getting in return its money, the country will be like the farmer who borrows money at high interest to hold his crops and lets his creditors wait for their year's advances to him to raise these crops. This will make hard times for the country, as it does for individuals and sections.

On the other hand, some look for complications in France, and if in France, possibly in Europe, to help advance our food supplies. Whether the premises will prove correct is beyond human ken; though the critical look of French affairs has yet had little effect on the market, except as talk to help the bull cliques. Any serious trouble in France for any length of time would of course help us, but to speculate on it is premature, to say the least.

Cotton, on the other hand, would be as unfavorably effected as breadstuffs would be favorably, by any trouble in Europe: so that what we would gain on the latter we would lose on the former. This most sensitive article to European complications, however, has advanced since this talk, here and in Liverpool, which indicates nothing serious yet. The cause of this strength in cotton within a week is on lighter receipts than expected at ports, but the weather has been unusually bad here as well as West, and with good roads again an increase is looked for, and a 6,500,000 crop is still the current estimate. There were a few buyers on the belief that as cotton had dragged

along like wheat, it must advance as that did, and there have been some Western buyers the last of the month on that theory; but the trade are not taking that view, and some look for still lower prices before higher, as New York is now one-half and three-fourths cents per pound above a parity with Liverpool.

Petroleum had its boom in the fall, and its collapse also on reduced production and subsequent new territory discovered, and it has been dragging with the lightest trade ever known until very recently, on narrow fluctuations, pending the development of the new fields, which by some is regarded as but a "pool" and by others as a "belt." On this or the discovery of other new territory the future of this market depends. Without it, people in the trade believe in higher oil this year; with it, they do not look for much lower, as the old fields have fallen off so much that new ones will be necessary to keep up the supply, within the old range of prices.

As to the crop returns of 1882 there is some diversity of opinion. There is a class who are disposed to discredit the Agricultural Bureau's estimates; but they are constitutional bulls, or are long of the market. Beside, there has been an evident and persistent attempt of the Bureau officials to whittle down their estimates to the lowest possible point and below all State and private estimates, in the interest of the agricultural classes for some purpose; as the smaller the crops are estimated, the higher the price to the former. But the conclusive answer to all this is that the Bureau never made anything but an underestimate of any crop, as its records prove, by at least ten and twelve per cent. of the actual outcome, on its own figures. There is no doubt we have the largest crops of everything but apples, hops, and one or two minor staples, ever raised. On the other hand, we went into this crop year comparatively bare of stocks of everything, and have consumed already from one to three month's more of the new crops than usual at this time of year, and hence, we will have one to three month's more consumption thrown upon this crop than last year. Not until another large crop, therefore, can we look for minimum prices, and not even then so low, for some articles, as in 1887-78, when depression and bear speculation had carried prices below real values on supply and demand. The month of January, therefore, has been one of speculation rather than legitimate business improvement. Indeed, there are indications that the latter is no better than in December.

This has no doubt been due in part to the unfavorable weather and the partial blockade of the railroads and country roads. With good weather the coming month there ought to be some improvement, although it is now too late to save the winter trade, as, once past the season, it is never recovered, while it is too early for the spring trade to have much influence on the market.

The January corn deal is in abeyance at the close, as some of the large "shorts" have enjoined the Chicago clique from carrying it further, and a marginal price has been fixed by the Chicago Board, enabling the former to call the latter for margins down to forty-eight cents, although the market price is sixty-five cents. On the closing out of this and of the February option by the same clique, the corn market hinges. It is getting duller every day, as the public are afraid to trade in it with ample supplies of grades not speculative, and only a moderate export demand present or prospective.

Cotton seems to be getting out of the depressed rut it has dragged along in for months, to steadily lower prices. During the last week of the month it has advanced about twenty points on its strength in Liverpool chiefly, and activity in spot. This advance has been caused by lighter receipts at our ports, leading to the belief that we will not get the late full estimates of the crop. Beside it is said that New York parties are "straddling" this and the Liverpool market, buying there and selling here at one-half to three-fourths cents difference in favor of Liverpool. Spot sales give Liverpool this week some 30,000 bales in excess of last week.

Petroleum had a sudden spurt at the end, on reported "dry holes," where good wells were expected, in Forest County, and the frightened "shorts" and elated "longs" helped each other work the prices up fifteen cents during the last week of the month. The trading in this speculative article has assumed larger proportions in this city since the organization of a new exchange and an enlargement of the old one. The largest day in its history was on Friday, the 26th, when 1,570,000 barrels were sold. This business is growing fast owing to the establishment of an oil bank, the Seaboard, through which the New York Exchange clear their contracts. The market looks for a temporary down turn at the close.

Money is almost begging on call at two to three on Governments and at four to five on time. Stocks are not in favor with the public, and no more were bought on the late rise than on the previous subsequent fall, as the distrust of our railroad management is getting so general that people are taking their money out of these securities when they can find other investments, rather than putting more money into them. In fact our Stock Exchange is getting like the San Francisco Mining Exchange after the Bonanza kings "rigged" that market. Indeed the chief trade of our railroad kings seems to be to manufacture stocks to sell to the public and not to manage their properties, for the good of stockholders. Hence these railroad kings are all the time sellers, and only buyers of stocks to hold the market, when it would break without their support.

The amount of new "securities" added to the already overburdened list of the Stock Exchange, during the last week of the month, was 107,700,000, including 55,000,000 stock of the Canadian Pacific Railroad. Foreign Exchange is dull as commercial bills are not plenty, the exports of all products being moderate, while more of our railroad "securities" are coming back from Europe than going.

The reports of the New York Clearing-house banks compare as follows :

1882.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
Dec. 30....	\$ 311,071,200 .	\$ 57,627,100 .	\$ 18,664,200 .	\$ 291,663,600 .	\$ 17,625,500 .	\$ 3,317,700
Jan. 6....	317,419,200 .	60,152,800 .	20,204,700 .	302,881,100 .	17,537,600 .	4,637,225
" 13....	317,891,200 .	62,477,800 .	22,372,900 .	307,920,000 .	17,526,700 .	7,780,700
" 20....	317,459,800 .	62,687,700 .	23,064,400 .	308,309,300 .	17,470,200 .	8,674,775
" 27....	316,905,400 .	63,937,700 .	23,351,400 .	309,126,100 .	16,985,800 .	10,007,575

The Boston bank statement for the past five weeks is as follows :

1882.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation</i>
Dec. 30 .....	\$ 147,583,100 ....	\$ 5,964,900 ....	\$ 5,283,500 ....	\$ 92,792,800 ....	\$ 30,104,000
Jan. 6 .....	148,642,900 ....	6,214,700 ....	5,799,900 ....	93,854,500 ....	30,165,600
" 13.....	149,473,500 ....	6,352,100 ....	5,504,300 ....	94,027,300 ....	29,890,200
" 20.....	150,207,900 ....	6,459,100 ....	5,135,300 ....	95,566,600 ....	29,816,300
" 27.....	150,547,400 ....	7,051,200 ....	5,314,300 ....	94,407,800 ....	29,723,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1882.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 30.....	\$ 71,986,734 ....	\$ 18,011,573 ....	\$ 64,349,429 ....	\$ 9,793,030
Jan. 6.....	72,353,295 ....	19,379,464 ....	66,122,265 ....	9,797,680
" 13.....	72,744,784 ....	19,513,548 ....	66,782,852 ....	9,776,790
" 20.....	73,747,575 ....	20,013,953 ....	67,430,951 ....	9,833,291
" 27.....	74,615,037 ....	19,940,622 ....	67,418,238 ....	9,790,478

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	Jan. 8.	Jan. 15.	Jan. 23.	Jan. 30.
U. S. 5s, 1881, Cont...	102 ..	102½ ..	103¾ ..	104¾
U. S. 4½s, 1891, Coup.	113¾ ..	113¾ ..	113¾ ..	112¾
U. S. 4s, 1907, Coup...	110½ ..	119½ ..	119¾ ..	118¾
West. Union Tel. Co...	81½ ..	83¾ ..	82¼ ..	82½
N. Y. C. & Hudson R.	126¾ ..	127¾ ..	126¾ ..	126½
Lake Shore.....	113 ..	113½ ..	111½ ..	110¾
Chicago & Rock Island	126 ..	125½ ..	123 ..	123¾
New Jersey Central...	70¾ ..	71¾ ..	72¾ ..	72¾
Del., Lack. & West....	127¾ ..	125½ ..	127 ..	125½
Delaware & Hudson...	108¾ ..	107 ..	108 ..	107½
Reading.....	55¾ ..	55¾ ..	55½ ..	55¾
North Western.....	134¾ ..	134¾ ..	132¾ ..	131
Pacific Mail.....	42 ..	41¾ ..	40¾ ..	40¾
Erie.....	40¾ ..	40¾ ..	39¾ ..	39¾
Discounts.....	6 @ 6½ ..	6 @ 6½ ..	5½ @ 6 ..	5 @ 6
Call Loans.....	4 @ 5 ..	4 @ 5 ..	3 @ 5 ..	3 @ 4
Bills on London.....	4.80½ @ 4.84½ ..	4.81½ @ 4.85½ ..	4.81¾ @ 4.85½ ..	4.82¾ @ 4.84¾
Treasury balances, coin	\$ 111,745,300 ..	\$ 111,947,677 ..	\$ 113,002,172 ..	\$ 113,758,385
Do. do. cur.	\$ 5,339,670 ..	\$ 5,460,148 ..	\$ 5,922,507 ..	\$ 6,061,362

## DEATHS.

BURDETT.—On January 22, aged sixty-six years, GEORGE C. BURDETT, President of the Central National Bank of Troy, N. Y.

CALDWELL.—On November 22, aged fifty-seven years, J. L. CALDWELL, President of the Farmers and Traders' Bank of Shelbyville, Ky.

CARR.—On January 15, aged forty-three years, GEORGE E. CARR, Cashier of the Everett National Bank of Boston, Mass.

CHAUNCEY.—On January 29, suddenly, aged sixty-one years, DANIEL M. CHAUNCEY, President of the Mechanics' Bank of Brooklyn, N. Y.

HEIM.—On January 1, aged seventy years, W. D. HEIM, President of the Delaware County National Bank of Delaware, Ohio.

HOWE.—On January 23, JOHN B. HOWE, formerly President of the La Grange Bank of Lima, Indiana, and for many years identified with the banking interests of the State.

JARREAU.—On December 6, aged fifty-two years, J. E. JARREAU, Assistant Cashier of the State National Bank of New Orleans, La.

NORRIS.—On December 22, aged seventy years, JOHN SAURIN NORRIS, President of the First National Bank of Baltimore, Md.

PAXTON.—On January 13, aged sixty-eight years, JOHN R. PAXTON, Secretary of the Harlem Savings Bank, of New York City.

TILTON.—On November 23, aged seventy-seven years, BENJAMIN TILTON, President of the First National Bank of Cambridge, Cambridgeport, Mass.

THE  
**BANKER'S MAGAZINE**  
AND  
*Statistical Register.*

---

VOLUME XXXVII.

MARCH, 1883.

No. 9.

---

THE PRESENT CONDITION OF THE SILVER  
QUESTION.

It must be admitted that the hopes of the bimetallists do not improve as time advances. It is true that English sentiment is growing somewhat in the direction of bimetallism, but it is not strong enough to make the slightest impression on the English Government. The views so frankly expressed by Messrs. Gibbs and Grenfell undoubtedly are shared by many who are engaged in business and who feel the most quickly any change in the monetary circulation, but there seems to be no prospect of changing the strong current, which has run for so many years in favor of a single gold standard.

If we look across the channel into France, we find that while bimetallism is talked as loudly and generally as ever, preparations are steadily going on by the Bank of France for adopting the gold standard. It is true that there has not been the slightest hint of the kind by the managers of that institution, but the vast quantity of gold which it has been gathering, its evident dislike to part with it and its willingness to part with its silver,—these are evidences of the real policy of the Bank, which can be explained by no other theory than that sooner or later it is expected that a single gold standard will be adopted. We are not now discussing whether this policy is a wise one for the Bank or the French nation to adopt; we are merely noting the fact that while France talks about bimetallism as much as ever, her

policy clearly shows that her faith in maintaining both metals as a standard, or restoring the use of silver to its former prestige, has weakened, and that she is preparing for a single gold standard. The person who cannot read these facts off the page of current French history is blind indeed.

In no other quarter of Europe are there any signs of a return to the use of silver. The Cologne Bimetallic Congress met, discussed, and departed, but its influence was *nil*. The subject was left in precisely the same condition it would have been had that congress never convened. Its members were, indeed, hopeful for the future of silver, but they had very little fresh intelligence on which to feed their hopes. Whatever individuals may think and do, the governments of Europe have steadily set their faces toward a single gold standard. England has not moved the least in her attitude, neither has Germany. France is preparing to adopt a gold standard, Italy will soon resume specie payments on a gold basis, and it is said that both Spain and Austria are also considering the expediency of adopting a similar standard.

On the other hand, it cannot be denied that England, and every other country having a gold monetary basis, is exceedingly sensitive about the increase of the gold accumulation at any other point. This is why the Bank of England rate has been kept so high for such a long period—to prevent gold from flowing out of the country. She has been afraid of America drawing from her, and she has closely watched the increase by the Bank of France with anything but feelings of delight. But why should she have this fear? Simply because she clearly realizes that there is not gold enough to supply all nations, if all adopt the gold standard. She knows that if Spain and Austria attempted to collect gold for that purpose, the value of gold would probably rise, that is: the prices of other things would be depressed, and England would be one of the worst sufferers. Hence, while resolutely determined to maintain the standard which has been so long established, England looks with no little disquietude on the movements of other nations which are trying to imitate her example.

From this brief review of the policy of foreign nations, two or three things are manifest. First, if we propose to maintain our present gold standard we should carefully guard our present stock of gold. For several months the golden tide has been setting away from our shores. Italy has purchased some of our gold, just as other countries buy our cotton or grain. Foreign nations look to our supply as the best source whence to draw, but we repeat, if the gold standard is to be maintained, we have no gold to spare. The specie foundation underlying our paper money is none too large, and if we should continue to export gold as we have done the last year and continue to increase, as we are now doing, our

silver coinage, it must be admitted that ultimately the silver standard will usurp the place of the gold one, and once lost it could not be easily restored.

This leads us to the point that many of the persons calling themselves bimetallists in this country are not really so; they are monometallists who earnestly desire the establishment of the silver standard, and are really trying to do their utmost to commit this country to a purely silver policy.

It is true that our nation is using both metals concurrently as a standard, and there are a great many who, if possible, are desirous that both should be thus employed. But, of course, it will not be questioned that for a long period gold was the only standard, and to-day we practically consider gold as the standard rather than silver. If we can employ only one metal as a standard, we had better by far retain the one we have employed so long, and which, for many reasons, the most enlightened nations of the world have come to believe is the best fitted of the two to be used for that purpose. We have advocated the employment of both metals, and shall continue to do so as long as there is a chance to employ them effectively, but every candid mind must admit that the more enlightened nations of the world, either wisely or unwisely, are seeking to establish a single gold standard. Their policy may be based purely on sentiment; they may be moved by pride;—we are inclined to think that was one of the strongest reasons which led Germany to adopt it;—they may not see all the consequences involved in the change; but is not this fact clear, namely, that the United States alone is not powerful enough to maintain the former ratio existing between the two metals? We are a great nation truly, and have accomplished wonders, but we are not great enough to do that. None know this better than many of the bimetallists who have studied the question the most carefully, and consequently in refusing to open their eyes and admit the facts, which are so palpable to ordinary observers, we think they are guilty of insincerity.

But if it be true that the bimetallists are lacking in candor because they refuse to admit that their cause at present is strongly going against them, it is equally true that the monometallists are setting up scarecrows to frighten persons without any just reason for so doing. We are unable to discover how the employment of silver thus far has driven gold out of the country, or is likely to do so until the accumulation of silver shall be so large that we shall determine to abandon the use of the other metal. As the *Mining Record* has recently shown, \$68,443,660 of the present treasury stock of gold has been accumulated in exchange for that amount of silver certificates. The following table which appeared in that journal sets forth very clearly the transactions of the Government in purchasing this metal:



TABLE SHOWING THE PURCHASES OF SILVER BY THE GOVERNMENT FROM MARCH, 1878, TO DECEMBER, 1882, AND THE AMOUNT PAID FOR THE SAME.

<i>Fiscal year.</i>	<i>Purchases.</i>		<i>Partings and received for charges.</i>		<i>Total purchased.</i>		<i>Silver coinage dollars.</i>
	<i>Standard ounces.</i>	<i>Cost dollars.</i>	<i>Standard ounces.</i>	<i>Cost dollars.</i>	<i>Standard ounces.</i>	<i>Cost dollars.</i>	
March to June 30, 1878...	*7,367,851 56	*7,989,209 01	—	—	7,367,851 56	7,989,209 01	8,573,500
30th June, 1879.....	21,146,791 07	21,346,342 79	187,454 89	194,348 91	21,334,245 96	21,540,691 70	27,227,500
30th June, 1880.....	24,069,134 02	24,778,724 45	193,437 36	193,437 36	24,262,571 38	24,972,161 81	27,933,750
30th June, 1881.....	21,904,351 34	22,339,728 67	232,568 85	239,183 65	22,136,920 39	22,578,911 72	27,637,955
30th June, 1882.....	23,335,747 54	23,845,444 72	291,511 83	291,497 48	23,627,229 37	24,136,942 20	27,772,075
6 mos. 31st Dec. 1882. ...	13,352,112 81	13,187,842 00	56,528 13	50,528 13	13,408,640 94	13,644,370 13	13,810,300
Totals.....	101,175,958 34	113,887,271 64	961,501 06	974,995 53	†112,137,459 60	†114,862,286 57	132,955,080

\* The actual amount of standard ounces of silver purchased within the period was 12,010,339.53 at a cost of \$23,023,268.96. The figures which we give for this period only embrace the actual number of standard ounces of silver contained in the 8,573,500 standard dollars coined within that period.

† To this total of 112,137,459.60 standard ounces purchased, should be added 4,642,537.97 ounces actually purchased, between March 1st and June 30, 1882, more than is given in the table, making the total number of standard ounces of silver purchased for coinage, between March 1, 1878, and December 31, 1882, \$116,779,997.65, at a total cost of \$119,896,346.52.

Thus has the silver purchased by the Government been paid for in gold, except a small amount purchased prior to June 30, 1886. For this silver a little more than seven million dollars were paid, while all the rest of the purchases have been paid for in silver. Elsewhere will be found a fuller history of these operations derived from the same source.

We confess that we are unable to perceive any danger of losing our gold from the presence of silver in our circulation so long as the standard remains the same as it is now, but there is danger if the coinage of silver be continued, that ultimately we shall adopt the single silver standard, and in that case our gold would leave us. In other words, we see no evidence which proves that there is less gold in the treasury and in the country than there would have been had silver not been remonetized.

But certain facts stare us plainly in the face. The world's dislike to silver is growing stronger and stronger, and the value of that metal is constantly diminishing. If the United States should ultimately adopt a single silver standard, doubtless the demand for the metal for monetary uses here would do very much toward maintaining its value. But such a policy would be disastrous to us in many ways which need not be pointed out, for this has been done again and again. If we are not to adopt that policy, what will happen from the continued coinage of silver under the present law? The dislike of the people for silver in large quantities is very strong. Perhaps they ought not to object to taking it, but they certainly do; this cannot be denied. There are a great many merchants who would refuse to receive the dollars if they did not fear that rival concerns would advertise to take them in order to attract trade. If it were not for this fear, the rejection and discrediting of them by the merchants would become widespread. It is true that the silver certificates are easily handled, but there is such a wide difference between the legal value of a dollar and the market value of the silver contained in it, that many fear the time is not far off when people will reluctantly receive them at their legal valuation, or if compelled to do so, will ask a higher price for whatever is exchanged for them, which is only another way of expressing their unwillingness to receive them at former rates. This feeling of opposition to them is constantly growing, and cannot be killed or buried, any more than gold speculations could be during the war. There is a sound legitimate basis for these fears, and they are becoming stronger every day.

What shall be done? this is the momentous question. It is not so, however, to many who profess to be bimetalists; they are hoping for a continuance of the present policy, believing and desiring that it will ultimately conduct the country to a single silver basis. But among those who desire to retain the gold standard

it is evident enough that something should be done. Yet to stop entirely the coinage of silver would, undoubtedly, have the effect of depressing its price very considerably, thereby entailing a heavy loss on the Government and the silver mines, and greatly narrowing the metallic basis of our circulation, which is none too great now. It would seem that a just and sound policy would favor the continuance of the silver coinage, but changing its valuation, retaining gold as the standard and employing silver for our metallic reserve, and in other ways, for whatever it might be worth. Such a policy would be less detrimental to the mining interests; we could still add to our metallic stock, and thus render our paper circulation more secure. This, of course, is an old idea; we do not maintain that its adoption would be unattended with difficulties, we merely put it in sight again in view of the present inquiry now going on concerning what shall be done in the way of improving the present condition of silver. But if such a policy is inexpedient then there seems to be no other cause except to suspend the silver coinage law.

---

### CREDIT-INSURANCE COMPANIES.

In our last number we remarked that check certification beyond the amount actually on deposit is a dangerous business, and not a true function of banking. That it is illegal for National banks to do so is unquestioned. That it is inexpedient for them thus to do will, in due time, we believe, be sadly proved.

We objected to the banks doing this business because their stockholders do not understand fully the perils undertaken. Doubtless, many of them do; but we venture to affirm that in all the banks at present engaged in check certifying in excess of the deposits of the persons thus accommodated, there are stockholders who are blissfully ignorant of these things. They suppose that their banks are receiving and discounting money just as they originally did, and if they knew that these institutions had been transformed into credit-insurance companies they would be alarmed, and very likely sell their stock rather than to engage in the new hazard.

The wisdom of the Government in compelling National banks to desist from this business is manifest. The need of thus hedging their power is so obvious that the legislature of New York is trying to imitate the National example. Should the State legislature enact such a law, the banks which recently were converted from National to State institutions in order to continue this kind of business, will find their occupation gone, unless forsooth they continue to engage in it contrary to law.

But it is constantly said the business is safe and profitable, why not let the banks pursue it subject to such restrictions as their own self-interest shall dictate? It is declared that this is strong enough to prevent the banks from certifying unwisely, from running too great risks, and that the public are really alarmed without reason.

Of course it will not be denied that most of the check certifying we are now discussing is for the benefit of brokers and speculators. Admitting that these classes will continue their operations, we maintain that check certification ought to be done in a very different way. Whatever should be done, banks ought to be limited strictly to the amount of the customer's deposits who desires such an accommodation. In no case ought that salutary rule of sound banking to be transgressed.

But we do not perceive anything about the nature of credit, why persons might not form companies to insure against loss from failure to pay money, just as they do against loss from fire, death or accidents. In other words, we do not see why this business of check certifying in excess of actual deposits, might not form a distinct business by itself, instead of forming a part of that of a few banks. If it were thus separated and formed into a business it might be conducted in two ways. The persons desiring certifications might make deposits as they do now, or the company might certify without any deposit of the checkholder behind the check itself. At present, the profit earned on the twenty per cent. deposit usually made is considered enough to compensate the bank for certifying. If no deposit were made, of course the company would expect the checkholder to pay a certain percentage for certifying. In the latter case no capital would be needed on the part of the checkholder to do business, and all the money required to pay losses would be furnished by the company itself. We do not maintain that any one would dare to form a company on this plan of simply charging a percentage for certifying, just as some persons charge a percentage for indorsing; we merely throw out the idea for our Wall-Street friends to consider during their lucid intervals, when stocks are dull and their wits are exhausted in trying to invent bear stories whereby to earn an honest penny. Very likely many flaws could be found in the scheme, yet we venture to remark that, after all, it has undoubtedly far more merit than hundreds of the schemes which the high-toned denizens of Wall Street have palmed off on an innocent and unsuspecting public during the last four years.

It may be said that credit is too easily obtained now, and that this is a plan to make it still easier. Perhaps it is. Yet it is true there are many cases in which if persons could get credit in this way it would be very helpful to them; persons, too, who are worthy of assistance. We commend this scheme, not for adoption, but for the consideration of our financial quidnuncs.

## THE BANKS AND CORNERS IN PRODUCE.

One aspect, at least, of "corners" in the produce market was overlooked by the Committee of the New York Legislature that recently investigated this subject, namely, the relation which the banks sustain to "corners" or to the men who are engaged in running them. This feature of the cornering business has a very important bearing on the commercial and financial soundness and prosperity of the whole country. There is probably not a town in the United States east of the Rocky Mountains, doing business enough to support a bank, which has not customers who speculate in produce, their number varying largely by their distance from speculative centers and business relations with them. Such speculators are generally engaged in legitimate business in their own localities, in the conduct of which they are accommodated by banks there located. These institutions not infrequently also furnish the sinews for speculation, while in the larger cities, where cornering operations are carried on, many of the banks are heavily interested in the same way.

But in the latter case, banks sometimes go much further, because some of the heaviest speculators are Directors, or have great influence with others who are concerned in the direction of these institutions. Indeed, it is a current saying on commercial exchanges that there is a wire between every corner and the back door of some bank, where the clique running it get all the money they want.

The small receivers, on the other hand, who are engaged in moving the crops in a rightful way, are unable to obtain their usual accommodations, as the banks engaged in helping the speculators "have no money to lend." There is seldom a tight money market without frequent and loud complaints of this kind. The manipulators, and their first cousins, the "pawn-brokers," who carry speculative articles for the smaller speculators, take the money of the banks we have described at call-loan rates and loan it over their own counters at "pawn-broking" rates to these small receivers on the same collaterals offered by them to the banks and which the latter refuse. These collaterals consist of bills of lading and warehouse receipts at seventy-five per cent. to ninety per cent. of the real value represented by these instruments, instead of fictitious or "corner" values, on which money is loaned by the banks in question to the favored cliques. Not infrequently, though, these banks loan to the favored ones solely

on their credit. When the markets go against the cliques, the banks are so deeply involved that they are sometimes obliged to carry their borrowers through in order to save themselves. At times nothing stands between them and ruin except the solvency of their house or houses "running" the "deal." This was shown in the failure of Kenyon & Co., of Chicago, on the "long" side of the wheat deal last spring, by whose failure a National bank was also ruined.

Of course, there are many banks which are not engaged in such business, but those that are, clearly pervert the objects for which they were created. Special powers have been granted to them, and it is expected that they will foster legitimate trade and assist in moving the crops and aid manufacturers. To run them for the benefit of speculators and cornerers who are doing their utmost to injure legitimate trade, derange the movement of the crops and render extra-hazardous the great branches of manufacture, is to do exactly contrary to what was expected of them. This evil is not only great, but it is becoming greater. The danger to our banks and also to our banking system from such operations is apparent, and if something be not done to check the evil our next panic will perhaps begin in commercial circles and carry down our financial institutions.

These "deals" and cornering operations in all the produce markets of the country have become so frequent and enormous, and are encouraged and aided so largely by this class of banks, that one effect of their operations is to drive merchants out of legitimate business and transform our commercial classes more and more into a community of gamblers in the necessities of life.

Without the aid of banks "corners" could not be "run." Their charters are derived from the people for the benefit of the industrial and commercial classes who are being crushed under the Juggernaut of speculation. The banks aiding and abetting "corners" are in the position of a faro bank, pure and simple. They "back the game" for these faro dealers in corn, wheat, oats, pork, lard, meats, and cotton, and the public are the victims.

This huge whirlpool has already encircled the commercial, financial, and industrial interests of the country, and is drawing its prosperity into the vortex. This has as much to do with the growing depression as the shrinkage in values which has been going on for several months past.

How can this evil be remedied? How can the banks who have thus departed from the object for which they were created be led into rightful ways? Certainly the Comptroller of the Currency should require all the National banks to abandon these illegal and harmful operations without delay. The matter is worthy his most serious attention.

We do not include all, or, by any means, a majority of the banks in the foregoing indictment, but the few who are thus indicted, are subjecting every other bank and its customers to the heavy risks and losses accompanying these great speculative operations.

---

## BULLION CERTIFICATES AS CURRENCY.

Mr. I. W. Sylvester, of the United States Assay Office in New York, has recently published a pamphlet, the principal object of which is to show the expediency of using bullion certificates as currency. After showing why paper bills or bank notes are better adapted to circulation than coin, he next describes the purification of gold and silver bullion preparatory to using it for coinage purposes. Having obtained bars of the pure metal, the next stage in the coining process is to remelt these bars and add one-tenth of their weight of pure copper. This process of first purifying and then alloying is necessary in order to insure toughness, as coins cannot be made from brittle metal.

Mr. Sylvester proposes that instead of reducing the purity of refined bullion by remelting and mixing copper with it that the process of manufacture stop when the bars are made, only so much of either metal being further manufactured into coin as may serve to redeem certificates of small value. He also adds, "The bulk of bullion needs only to be manufactured into fine bars, with weight and fineness stamped on each bar, and it then becomes possible for any private citizen to calculate its value. As a matter, however, of convenience, the Government should also stamp upon each bar, not only its weight and fineness, but its calculated value, and, as an emblem of the National authority certifying to the correctness of weight, fineness, and value, each bar should bear an impression of the American Eagle."

If by law the gold bars manufactured by the Government at and above a defined fineness, and stamped as previously described, were made a legal tender for the values stamped on their face they would, so Mr. Sylvester maintains, effect all the purposes of payment that the same amount of coin would accomplish.

If the assay offices and sub-treasuries were authorized to receive and keep such bars on deposit and to give in exchange, to those who should deposit them, certificates of deposit, redeemable on presentation, the inquiry is raised whether they would not circulate and perform in an acceptable manner all the functions of bank notes or legal tenders? As Mr. Sylvester says, "They would cer-

tainly have all the advantage of convenience which bills have, and being secured by bullion actually on deposit, ready at all times to be delivered to any holder of a certificate, would they not be regarded as equivalent to the gold itself, so far as security and value are concerned, and infinitely preferable to coin so far as weight and bulk are concerned?"

It is very probable that under this system the Government would become the custodian of a very large portion of the precious metals, which, of course, would be held in trust for depositors. This function might perhaps be opposed by banks and trust companies. Inasmuch as the latter are paid for performing this service, and the Government would not be, depositors would be very likely to deposit with the latter, especially if it regarded itself liable for all losses in any event.

But how shall the Government be paid for undertaking this onerous task? What Mr. Sylvester has to say on this point is very interesting.

In assuming the responsibility, the Government would be put to the expense of building commodious vaults, and of providing attendants and guards, but this expense, in part at least, would be met, perhaps even overbalanced, by a gain to the Government through loss, by accidents to the certificates. It would certainly be more than overbalanced by the saving, resulting from the small demand for coin which would follow. Nine-tenths of the present coinage would be dispensed with, only enough would be required to meet the occasional demands of holders of small certificates. What this vast saving would be can only be appreciated when it is remembered that bullion flowing through the ordinary channels of commerce, is not converted into coin once only, but many times. If the flow is in the direction of Europe, the coins of the United States are shipped thither and foreign Governments remelt them and convert the bulk of them into their own money. When the commercial tide changes and sets toward America, the same gold comes back again, but in the shape of foreign coin, which must again go through all the processes of coinage. Over one hundred millions of foreign coin were remelted at the New York Assay Office during the fiscal year ending June, 1881, and sent to the Mint at Philadelphia for recoinage into United States money. No living person can tell how many times much of the metal has been put through the process. At best the work is a costly one, and the amount required to be so converted and reconverted now into one country's coins and again into another, will continue to enlarge with the increased activities of trade and the increased production of bullion.

Some of the most valuable thoughts set forth by Mr. Sylvester relate to the application of the leading idea to silver bullion.

He maintains that silver bullion is in itself a less desirable medium of exchange, "mainly because of its greater bulk and weight." A dollar's worth of silver weighs twenty times as much as a dollar's worth of gold. "The peculiarities, now affecting the absorption of silver disadvantageously, would disappear by virtue



of the system which retains the bars on deposit and circulates only the certificates. The liability of varying values would remain, but the tendency of the system would be to promote uniformity of value by making the use of silver more convenient, and, therefore, more extensive."

The next thought advanced is of great moment. "The tendency to uniformity could be further promoted by making silver bars legal tender at the market value of silver calculated in gold." In another article, published in this number, we have insisted that if silver should be demonetized, or partly so, that its employment ought to be continued, if possible, to form a part of the metallic basis of our paper currency, and also to maintain a great industry which the nation should not thoughtlessly sacrifice. It cannot be denied that there is such a great difference between the legal and market valuation of silver, that many regard the gold in the Treasury as the only real metallic basis sustaining the legal-tender notes, and that a great wrong would be committed if it attempted to redeem these and the bonds in silver at the face value of the coin unless creditors were willing to receive it. Hence the silver accumulation counts for much less than it should in our system of finance. It is regarded as a heap of metal which the Government must sell some day at a heavy loss, unless, forsooth, we are driven to adopt a silver standard. It is the inferior metal, and every effort yet put forth to restore it to its former prestige has proved futile. Nor does there seem to be a reasonable hope that more value can be imparted to it by any step which our Government alone can take. But by adopting the plan suggested by Mr. Sylvester, or that of Clarmont Daniell, briefly explained at the close of Bonamy Price's address and reproduced in this number, silver will be placed on a sure footing, and all uncertainty concerning its valuation and the part it shall play in forming a portion of the National reserve and in redeeming its obligations will pass away.

Certainly there is much in this plan to commend it, and especially to those who are the most deeply interested in the fate of silver. Perhaps they may succeed in maintaining the present silver coinage system for some time yet, but they should consider that the longer it is maintained the greater will be the National and individual suffering resulting therefrom, and the more violent will be the remedies eventually applied, unless the silver advocates shall be strong enough to secure the adoption of a single silver standard. In view of the manifest superiority of gold, we cannot believe that it is possible for our nation to retrograde so far as to do that. Every argument favors the adoption of a new policy whereby the use of silver at its true market value may be employed to the utmost extent in our monetary system.

## CONGRESS AND LEGISLATION.

Our Congress is a very singular legislative body. Prone to legislate overmuch, to extend its vision over more and more interests every year, it nevertheless singularly fails to legislate in many cases where its duty to do so is most apparent. It would be very difficult to explain its delinquency in this regard. One might suppose that it was lack of time, yet in the matter we are now considering not much time is required, for opposition does not exist, or at best is feeble.

One of the most flagrant derelictions of duty of this kind is the failure of Congress to repeal the internal-revenue taxes levied on banks. For a long time it has been admitted by almost every one that justice and expediency alike demanded their repeal. The necessity which required their imposition in order to derive a revenue has passed away. On the other hand, as we all know, there is an excess which Congress is trying to lessen. For a year, or more Congress has been at work on the problem. At the beginning of the first session of the present Congress, it was determined in committee that these taxes should be repealed. The banks were assured that this would be speedily done. Yet the session wore away, and to the surprise and regret of many, closed; the taxes remaining untouched.

Thus treated by the Government which created them, National banks are thinking less highly of their privileges than formerly. The New York *Tribune* has very rightly said: "The truth is that continued legislative hostility and unfairness have made the National banks quite indifferent to the supposed advantages of the system. Those advantages to the people are very great, but to the banks insignificant. If the people do not appreciate the advantages which they derive from the system—and they do not, if their legislators represent them truly—why should the banks insist upon continuing a service which is almost as unprofitable as it is thankless? Many of them are asking themselves these questions. It is not unlikely that a failure of Congress at this session to remove the taxes imposed in time of war would lead to a withdrawal from the system by a good many banks, which believe it would be more profitable to get out of the note-issuing business with its attending restraints, and to exercise in freedom the right to hold and loan money which the great private banking firms are able to enjoy without restriction or official supervision."

The circulation of the banks has increased but very little for several years, but their deposits swelled from \$668,000,000 in 1878 to

\$1,135,000,000, or nearly seventy per cent. during the four succeeding years. But the interest on bonds deposited to secure circulation has decreased rapidly, and the balance of income accruing from that source after the payment of taxes is getting to be a very small sum, as will be seen by reading the following table:

	<i>Interest.</i>		<i>Taxes paid.</i>		<i>Balance.</i>
1868....	\$19,626,495 50	..	\$5,817,268 18	..	\$13,809,227 32
1878....	17,311,053 00	..	6,781,455 65	..	10,529,597 35
1882....	12,527,469 00	..	9,150,684 35	..	3,376,784 65

Thus the taxes paid by the banks are increasing, the interest is diminishing on their bonds, and the profits formerly acquired under the National system are falling to so low a point, considering the obligations assumed and restrictions imposed, that some of the banks very probably will retire their circulation, having grown weary of waiting for Congress to ease them somewhat of their burdens.

Another equally needed law is one providing for the use of the polariscope to test sugars in fixing the duties. The old method, the Dutch standard prescribed by law, is most imperfect. The buyers of sugars use the polariscope to determine the quality of sugar; why should not the Government when exacting duties? Nothing can be clearer than the expediency, nay, justice, of its doing so. The use of this instrument is not simply a question of revenue, but a means of preventing dishonest importers from getting advantage of honest ones. The Government can easily stand the loss of revenue occasioned by sticking to the old method, but honest importers can not so easily counteract the advantages which their dishonest competitors in business get over them by such action on the part of the Government. It thus, knowingly, becomes an agent to aid some importers and injure others. Such action is outrageous and has no possible defence. The Government knows perfectly well what are the consequences to business from employing the present method of testing sugars, and yet it continues to use it in spite of all the entreaties of those especially interested, that a method should be adopted whereby all would fare alike at the hands of the Government.

Our Congress seems far more desirous of studying measures of a purely political nature, and which affect the fortunes of parties, than those which concern the prosperity of business. This should be otherwise. Congress might reform its ways and works in this regard to the obvious good of the people. Probably not a few Congressmen are ignorant of the needs of business, still there are many matters, like those mentioned, in which there is no question concerning the propriety of legislating, nor of the aid which might be afforded by enacting such laws as justice, expediency, and the growth and prosperity of business clearly demand.

## PITT'S FINANCIAL REFORMS 1784-92.\*

Different historians have raised the question, how it was possible for England, not only to wage herself an uninterrupted war of almost twenty-five years against the first French Revolution and the Empire, but also during this period to maintain by her subsidies half of Europe under arms against France. For the latter purpose alone nearly sixty million pounds were disbursed according to the Acts of the English Parliament. The usual reference to England's National wealth and her credit affords no explanation. The richest nations do not always show the best public finances. The English Government, indeed, had repeatedly recourse to the extraordinary resource of loans, and the public debt had doubled after the second Peace of Paris. But only the smaller portion of the enormous war expenses was secured by means of credit. The wonder of this financial performance is just this, that these expenditures were mostly met from the current means. And the great employment of credit was only possible in consequence of the order created in the economy of the State. The English Government could then have a good policy, because it had good finances, to reverse a common saying. The great conflict was entered upon with the fine financial equipment that the younger Pitt had given his country by the great reforms of 1784-1792. The financial history of England for this period gives the correct answer to the question above alluded to.

When Pitt entered the Government in 1783, the English finances were in a very disordered condition. Within nine years he succeeded in so arranging and increasing the State's revenue and in so strengthening its credit that England was enabled to resist the coming storms. The finances of all European States, England not excepted, were in a condition appropriate to the Middle Ages, to express it briefly, towards the end of the last century. The new science of political economy gave the first impetus to a critical examination of affairs. The physiocrats had gone before, in 1776 Adam Smith's great work had appeared. Pitt drank deeply at these fountains of science. His merit lay in his daring to call into life the new ideas of political economy that he considered true and practical. This influence may be indirectly traced backwards from his financial administration. Pitt moreover said directly in some of his letters to his friend Wilberforce, that Adam Smith's doctrines determined his financial policy. He did not, of course, carry out his reforms without assistance; a number of ex-

\* From the German of Fritz Kilian in *Jahrbuch für Gesetzgebung*, 1882.

perts, penetrated with the spirit of the new political economy, stood at his side. The execution of his measures would have been impossible, if he had not had to do with a people of practical sense, consequently understanding him at once, and never leaving him in the lurch. He encountered difficulties enough in his path though; the opposition, headed by such men as Fox, Burke, Sheridan, rolled stone upon stone into it. With eye fixed on his goal, he was not dismayed before a second or third attempt, when the first had failed, until he finally succeeded. He made mistakes too. But his country remained faithful to him, even when he was in the wrong. Only thus could success crown the work. Even the greatest men can accomplish nothing, when they stand alone. Pitt has shown in his work how the finances of a great State are reformed, his nation how the lead of a great man is followed. Comprehensive and profound economic and political innovations are only possible in absolutely ruled and in free States, so far as the popular representatives of the latter are not bound by doctrinarianism.

The account of Pitt's reforms may be preceded by a brief survey of the state of the English finances before his entrance into office. The English National expenditure was divided in 1783, as essentially at present, into six principal branches: 1, funded; 2, floating debt; 3, civil list; 4, navy; 5, army; 6, ordnance, including land and sea artillery and fortifications.

Then, as now, the expenditures for trade, commerce, and agriculture, for worship, education, and the largest share of the internal administration, formed no part of the State's budget. The maintenance of roads, cost of actual administration, poor rate, etc., fell upon the communities or were distributed among a number of independent institutions having special revenues. The church relied upon tithes and other resources, and received from the State but a small contribution toward the payment of the lower clergy. The burdens on the State treasury were, therefore, only the actually general expenditures for the public debt, protection of the country, and the king. In consequence of the war with the American colonies, however, these expenditures had attained a height extraordinary for that time, for which the public revenues no longer sufficed.

The most considerable expenditure by far arose from the interest on the public debt. England had already then a funded debt of 224 million pounds sterling, the interest on which called for eight million pounds, and a floating debt of twenty million pounds, which required a million of interest. As strong as England's credit was, such an accumulation of burdens gradually awakened serious misgivings. Especially hazardous was the circumstance, that the floating debt of twenty million pounds was

circulating in bonds of very short duration. This way of employing the State's credit, was one of the short-sighted, financial measures of the North ministry, which must sooner or later have caused the State the greatest embarrassments, if Pitt had not come with a more far-seeing administration of the finances. The State might be on the verge of bankruptcy any day.

Besides, this was not the only embarrassment bequeathed by the North ministry to its successors. The public treasury owed the Bank of England two million pounds, which had been loaned to the Government in 1781, in order to procure a renewal of the Bank's privilege. The repayment was fixed for 1784. Moreover, the uncovered deficit of the State treasury amounted approximately to the same figure. The American loyalists, who had stood by the cause of the mother-land in the War of Independence, were despoiled of their property, and urgently demanded indemnification from the English Government. The necessity of paying the Prince of Wales' debts from the public treasury could no longer be avoided, as the dignity of the crown was at stake. There was little hope of any notable reduction of expenditure for some time to come.

The civil list had been fixed by act of parliament on George II's accession to the throne for his whole reign at £1,200,000, a figure none too high it would seem, when it is considered, that from the civil list must be afforded not only the personal expenses of the king and his family, but also the costs of some of the branches of the public service, which in accordance with English ideas and constitution, passed for direct attributes of the sovereign, namely, the administration of justice and of foreign affairs. In face of the uncertain relations of the time economy could not be thought of for army, navy, and fortifications. And these departments swallowed up huge sums for that time. The army cost four millions, the navy three millions, the ordnance (artillery and fortifications) close upon one million pounds.

The public revenue was far from corresponding with these high demands.

The National income was made up of the following six items: 1, the customs; 2, the excise; 3, the stamp; 4, the land tax; 5, the malt tax; 6, the assized taxes. But these taxes, introduced at different times, were wanting in uniformity of system, and suitable and common principles for their assessment and collection were unknown.

The principal source of the English public revenue, the customs, was plainly marked with the imperfection of a gradual and therefore planless, historical development of an extremely complicated administration. Doubleday relates (*A Financial, Monetary and Statistical History of England*; and also Vocke, *Englische Steuern*), that

until the reign of Bloody Mary the customs were not collected according to tariffs but in a lump at the rate of three pence per pound sterling, of value. Statutes of Charles II and James II made a beginning towards the fixed legal regulation of the customs by enacting tariffs very imperfect indeed, but only under William III did the customs legislation take the shape that was destined to endure until Pitt's reforms, because it first answered somewhat the needs and removed the arbitrariness of the previous administration of the customs. Their complicated condition had another special reason, that the raising and increase of the customs was intimately connected with the movement of the public debt.

As often as a new loan was taken up, new duties had to be enacted, or the rates of some of the old ones raised, in order to give the creditors of the State the necessary payments. It is clear that under such circumstances there could be no question of a rational development. In consequence of this method the additions to the tariff became gradually so numerous and complicated that some articles of import were subjected to no less than fourteen different duties. Every duty had to be calculated separately by the officials, so that the customs entry took too much time and trouble, was accomplished very slowly, and by reason of the mass of details frequent errors occurred in the calculation, consequently endless reclamations and drawbacks upon the part of officials and merchants. Smuggling, besides, had sprung up, and gradually acquired such development and extent, that despite the raising and increase of the duties no augmentation, in many years even a falling-off of the revenue, was observed. In 1783 the customs returned only five million pounds, half of the product that should have been. The insular situation of the country, on whose coasts fast-sailing and small vessels could easily land, particularly favored contraband trade. Buchanan estimates the number of persons engaged in smuggling before Pitt's interference at two millions. Regular companies were formed for this unhallowed trade, disposing of considerable capital and reaping great profits. It would seem that half of England then had something to do with contraband trade. It would take us too far to describe it in detail. Contemporary accounts and the parliamentary debates would certainly furnish abundant material. It is enough to remark, that apart from financial reasons it was high time in the interest of public morality to oppose vigorously the mischief that unbridled roughness and lawlessness had called forth among the masses. The sequel will show how thoroughly Pitt acquitted himself of this task.

Other, but no less effectual causes diminished the revenue from the excise and the stamp tax. In England by excise is under-

stood the whole of the taxes on consumption. It was first imposed under the Protectorate of Cromwell by the Long Parliament, was originally a war tax, and intended merely for the duration of the war with Holland, and in the beginning a tax on drinks only. It was gradually extended to about all articles of consumption. On its introduction it met with the most violent opposition and a pronounced aversion in the people, who saw an attack on their liberty in the vicious, annoying method of its collection; in the eyes of many Englishmen, indeed, it seemed in contradiction with the Constitution itself. Only the iron hand of Cromwell could accomplish its introduction. Fiscal reasons made the retention of the tax necessary. The struggle of the population against it continued likewise, so that reiterated attempts to extend and increase the excise failed. At the death of William III it did not yet produce quite one million pounds; in 1778, at the most, four millions.

The stamp tax was introduced in 1671, first as a war tax also, and for a time. Originally limited to legal documents, it gave, in 1783, only a very small revenue in comparison with the present one.

The land tax produced in 1783 about two millions; the malt tax, introduced in 1697, about 750,000 pounds.

The assized taxes were introduced by the North ministry to meet the expenditures of the American war. Their bad assessment resulted in their producing very little.

Placing expenditure and revenue of the English Government together for 1784, the former amounted in the separate branches to: 1, interest on consolidated debt, eight millions; 2, interest on floating debt, one million; 3, payment of debt to the Bank of England, two millions; 4, deficit of former years, two millions; 5, civil list, 1,200,000; 6, army and navy, 7,800,000; total, twenty-two million pounds. On the other hand, the revenue amounted to: 1, customs, stamp, and excise, together ten millions; 2, land, malt, and assized taxes, together 2,500,000; total 12,500,000 pounds. The exchequer, therefore, showed a deficit of almost ten million pounds, without having expended anything for the amortization of the debt, the indemnification of the loyalists, the payment of the Prince of Wales' debts. Deducting also the extraordinary engagements of the treasury, as the bank debt of two millions, the deficit of former years, a lasting deficit of 5,500,000 pounds still remains.

It required all the resolution of a Pitt not to recoil before assuming control of affairs in such a desperate financial condition. The embarrassment of the public treasury was distinctly enough expressed in the quotations of English Government securities. The three per cents., which even during the war had stood on the aver-



age at eighty-three, were at the beginning of 1784 with difficulty kept up between fifty-six and fifty-seven. It seemed as if there were no means of doing away with the financial distress. The most determined were appalled before an increase of taxation. It was already high, out all of proportion. To form some idea of it the taxes of England of that time may be compared with those of France between 1840 and 1850. We find that in 1784 the taxes were greater in England per head of the population (the ratio is about 50:40), than in 1845 per head in France. Ireland was not yet united with Great Britain; England and Scotland together had a population of only eight million souls. Notwithstanding, they paid taxes in 1784 to a fourth of the amount that France in 1845 with a population four and one-half times as great derived from taxation; besides, the English parish taxes, the poor rate, the church tithes are not included, of which the local taxes alone, according to MacCulloch, amounted to four million pounds in England and Scotland.

It was, therefore, one of the most difficult tasks undertaken by Pitt, in entering the government, to restore the equilibrium of such a budget. It was clear to him at once where the levers must be first applied. He went to work actively and cautiously. By avoiding any great overthrow, he attained his end more surely. He knew that the evil demanded slow healing. Though the great financial reform of 1784 to 1792 must be called Pitt's own work, it is not to be concealed, that he ever found in his people understanding for his views and support in their realization; otherwise, he would have succumbed. In indicating the means by which alone order could be established in the State's finances, public opinion was even somewhat in advance of the leading statesman, and Pitt presented the singular spectacle of a minister, who ever becomes more popular as he every year increases the taxes.

The principal revenue should be furnished by the customs. The contraband trade had partly stopped this source. The first thing was to suppress this trade. Pitt immediately attacked it at the first session of parliament in 1784 by bringing in three bills. The first related to the suppression of smuggling. An act of parliament passed in 1781 had decreed that vessels suspected of smuggling might be seized anywhere within two miles of the coast. Pitt proposed a widening of the circuit to four miles. He wanted also to extend the cases of legal presumption of smuggling. Every barrel of brandy over what was absolutely necessary for the use of the crew, every barrel of wine, a few pounds of tea or coffee too much, should be sufficient ground for seizure. All the vessels captured should be destroyed, except those that might be used in the service of the State. The building of ships of a certain shape and tonnage, known to be designed for smuggling, was prohibited. The bill met with no

opposition in principle, and in the parliamentary debates over some of its provisions the friends and foes of the Government expressed the wish to make the law as effectual as possible.

The other two bills were chiefly concerned with the importation of tea and brandy. Smuggling derived its greatest gain from tea. Exact calculations in the accompanying documents showed that about thirteen million pounds of tea were then annually consumed in England and Scotland. The East India Company, alone engaged in the regular importation of this commodity, paid duties, however, on only five and one-half million pounds. Seven and one-half million pounds must consequently have entered by way of contraband trade, more than half the entire consumption. The smuggling of this article was thoroughly organized. In some sea-ports of the Continent special tea commercial companies had been formed for smuggling into England. As long as the duties on tea were so high, no law was stringent enough, no penalty heavy enough, to suppress this profitable trade. The difficulty was that some way must be found, making it possible to paralyze the contraband trade, and at the same time to raise the National income. The existing duties on tea amounted to fifty per cent. of the value on the average. To cut off all temptation to fraud, arrangements must be made so that the honest merchant could buy tea at the same price as the merchant connected with the smugglers, which was impossible without reducing the duties to a rate about equal to the cost of smuggling. On the other hand, a considerable diminution of the National income was to be feared from this measure.

To avoid this double injury Pitt fell upon the following ingenious means. He proposed to abolish the fifty per cent. duty on tea and to substitute for it one of twelve and one-half per cent. Even supposing that in this way a large part of the tea formerly smuggled should now pay duty, a falling off of half the former tea duty must certainly be expected. To cover this Pitt proposed an increase of the window tax, pointing out that this was really only an exchange of taxation, to the benefit alike of the consumers and the public treasury. Hence the name of the "commutation bill," which was given to his project. In support of his idea, he developed in Parliament, very cleverly, something like the following: The owner of a house with nine windows may be regarded as a consumer of seven pounds of tea a year. As the difference between the old and new duty on the quantity named amounts to one pound five shillings, and the new window tax on such a house is put at ten shillings, the house-owner gains fifteen shillings by the change. In spite of this reduction Pitt estimated that the increased window tax together with the new duty on tea would bring in 200,000 pounds a year more than the old duty, without taking into account the probably augmented importation of tea. These 200,000 pounds besides

the reduction mentioned would be so much of a burden on the contraband trade whose abolition the bill was intended to effect.

Notwithstanding its good foundation the commutation bill met with the liveliest resistance in the House of Commons. Fox declared, not without a semblance of reason, that it was unjust to make every one pay for the tax on tea, whether he drank tea or not; but this was what happened when every house-owner was made to pay an increased window tax. He was answered that the number of families in the country not drinking tea was very small indeed and that all consumers of unsmuggled tea would gain by the change. Fox, however, considered the question as not yet sufficiently cleared up and demanded that the decision should be postponed until the next year. Pitt would not consent to this. In fact the bill passed by a large majority in the upper and lower house.

The same reasons that militated against a high duty on tea, applied to the tax on spirits. If the former rates were maintained, an effectual suppression of the smuggling of this article was not to be hoped for. The remedy that Pitt adopted here was a very hazardous one. The third bill embodied the proposal to raise the excise on English spirits and to reduce considerably the duty on foreign spirits. This measure, surprising in every respect, is explained by Pitt's efforts above all to wipe out smuggling, by so doing to put the public finances upon a firm foundation, and thus in consequence of the increased importation to obtain a larger revenue from the customs. The proposal of such a measure bearing harder upon the innocent than the guilty was a strong trial of public opinion. But what is more remarkable than the idea of the bill, it was passed by both houses almost without opposition. The National representatives, convinced of the pressing necessity of reform, desired to obstruct the guiding statesman as little as possible in the execution of his great work, and therefore accepted some evils in the bargain, which were of little consequence compared with the value of the reform in its entirety. This great feature goes through the proceedings of the English Parliament of those days. Moreover the measure was regarded by the Government as simply an experiment and consequently fixed for the next two years only.

These three bills were greeted with great satisfaction by public opinion, above all because they promised to give the death-blow to the nefarious business of smuggling. They deserve all the more attention as furnishing the earliest examples of the expedient since often employed by the English financial administration, of diminishing the customs duties in order to obtain an increased public revenue from them.

## EARLY INTERNAL-REVENUE LAWS.

[CONCLUDED FROM FEBRUARY NUMBER.]

The Secretary of the Treasury favored direct taxation, not, indeed, as a temporary or sole resource, but as a part of a permanent system which should include the taxation of imports, as well as home productions. Such a system he regarded as more stable than one by which the revenues were derived wholly from imports, or by indirect taxation. Several years before, a plain but clear-brained friend had written to him: "External taxation, unprotected by a navy, must always be in jeopardy. Nor is it safe to leave the Union without any arrangements for direct taxation, as it will take years to devise the plan and put it into operation, and public credit will sink when most wanted. The system of finance certainly ought to be a complete whole, and the laws of revenue to embrace the whole circle of the great revenue objects, were it only to have such revenue laws in existence for future use." Wolcott's father, at the same time, wrote in a similar strain: "I perceive an idea has been given out, that all National pecuniary provisions could be made which are necessary, even including the State debts, without a direct taxation. I think, with all my ignorance of the subject, that it would be very strange if it could be effected without a land tax: but, if it can, I hope it will never be attempted; for, unless there shall be a direct taxation which shall affect every man of property, the people in general in this country will not have the least apprehension of the existence of a National government, and consequently have no regard for it. A direct taxation, as odd as it may seem, is essentially necessary to induce a people to love their Government." Six years afterward Chauncey Goodrich wrote to the senior Wolcott, "It is idle to imagine that the public debt can be discharged by imposts, and a paltry tax on stills, snuff, carriages, etc. If we are sincere in the business,—or, indeed, in having a Government,—we must be willing that the United States shall, by a certain mode of collection, come upon the body of property." Very many at that day held similar opinions concerning the expediency of imposing a direct tax.

As the resolution requiring the Secretary to prepare a plan did not specify the amount of the proposed tax, Wolcott assumed a sum that should be sufficient, with the revenue accruing from other sources, to pay the indebtedness of the Government as it matured, and all other expenses connected with its maintenance. To arrive at a correct estimate of the amount required for this purpose, a concise statement of the finances was presented. The amount re-

quired yearly, until 1800, was \$7,429,398.99. Of this sum, \$2,700,000 were allowed for the probable expenditure of the Government, which, however, was likely to swell by the gradual increase of the nation, and by future contingencies. The revenues already established amounted to \$6,200,600; therefore a further sum of \$1,228,794.50 was required. Allowing fifteen per cent. for the expense of collection and contingencies, he proposed a direct tax of \$1,484,000. Wolcott then described several modes of imposing the tax. The first mode was, "that an Act of Congress should be passed, declaring the quotas of the different States, assigning a time for payment into the Treasury, and proscribing, in cases of delinquency, that the said quota should be assessed and collected by the authority of the United States, upon the same objects of taxation, and pursuant to the same rules, by which the last taxes were assessed and collected by the respective States;" the second, "that the Act of Congress should direct that the proposed tax should be assessed and collected, under authority of the United States, upon the same objects of taxation, and pursuant to the rules of collection, by which taxes are collected by the States respectfully;" and the third, "that the Act of Congress should define certain objects of taxation and principles of assessment, according to which the proposed tax should be assessed in all the States, to be collected according to uniform regulations."

Wolcott recommended the third plan, singling out lands and houses for taxation. The former he proposed to tax *ad valorem*; while houses, excluding in value those generally occupied by farmers and laborers, should be distributed in each of the States into three class, according to their value, and taxed uniformly in each class at specific rates. Houses in general, and of such description as should be determined by law, he proposed to tax at one uniform rate.

Early in January the Committee of Ways and Means reported in favor of a direct tax on land and slaves. Congress discussed the subject; but, toward the close of the session, Wolcott wrote to his father: "The conduct of Congress is a political phenomenon over which I would, if possible, draw a veil; but it cannot be concealed that there has been no system, no concert, no pride, no industry. . . . Nothing will probably be done this session on the subject of direct taxes. All men know that a tax was indispensable. There has, however, been so much said formerly against direct taxes, that but few have the courage to speak out. I have, however, done my duty. I know the tax to be necessary, the plan I have proposed a good one, and, if adopted, would not only establish the Government and public credit more than any one measure, but would lead the States to improve their own systems. Moreover, it would not be generally unpopular. The people have more sense, patriotism, and

justice, than to complain. They wish to have the debt extinguished, and they are desirous of seeing the National establishments equal to the maintenance of the rights and honor of the country. In short, I know that the measure will be adopted, and with the general consent of the people." Wolcott was right in his gloomy surmising for Congress adjourned without adopting the much-needed measure. Hamilton regarded a house tax and an extension of internal taxes more expedient than a direct tax. In a letter he wrote to Wolcott was enclosed a rough sketch of a building tax. "The more I reflect," he says, "the more I become convinced that some such plan ought to be adopted, and the idea of a tax on lands ought to be deferred."

At the next session the Committee of Ways and Means reiterated the necessity of raising \$2,000,000 by a direct tax on lands, houses, and slaves. Though exceeding the amount required at the moment, it was small enough, considering the future needs of the Government.

The tax was apportioned among the several States on the enumeration of the census of August, 1790, when the whole representative number, including three-fifths of the slaves, was 3,650,250. It was proposed that the tax be assessed as follows:

1st. On dwelling-houses, to be distributed into nine classes, and taxed uniformly in each class.

2d. On slaves, to be taxed uniformly.

3d. On lands, to be taxed at such rate, *ad valorem*, in each State, as, with the sums assessed on houses and slaves, would produce the entire amount of the sums apportioned among the respective States.

According to the estimates, the tax on houses, as proposed, would produce.. \$ 1,315,000  
Taxes on slaves..... 228,000  
Leaving to be raised, by an assessment, *ad valorem*, on lands, the sum of.. 457,000

\$ 2,000,000

Bills were subsequently reported, providing for the valuation of lands and dwelling houses, the enumeration of slaves, and for the levy and collection of the direct tax. They did not pass, however, until July. During the summer the preliminary machinery for the assessment and collection of the tax was prepared. At the next session several amendments to the law were suggested by Wolcott, which were adopted. Among other alterations, the President was authorized to increase, whenever necessary, the salaries of the officers, the smallness of which had prevented the Government from getting suitable persons to fill them.

Early in the session of 1801, an attempt was made to repeal the law, notwithstanding the opposition of the Committee of Ways and Means. One of the leading purposes at the time of enacting it was to organize a system for laying direct taxes in case the Gov-

ernment at any time should be obliged to resort to them. To relinquish the design after incurring so much expense would have proved the fickleness of Congress. Though it was hoped that no more direct taxes would be needed, yet it was impossible to decide the question definitely. But the attempt to repeal the law failed, and the valuations were finally completed. Of the tax of \$2,000,000, imposed by the law of 1798, the sum of \$734,223.97 was collected during the year\* 1800, and the remainder was received subsequently.

The expense and number of officers employed in collecting the internal revenue formed a topic for unfavorable criticism by the party opposed to the administration. Gallatin, in his *A Sketch of the Finances*, evinced his usual acuteness in dealing with the subject. A few months before publishing his work, the Commissioner of Internal Revenue, Tench Coxe, had made a report thereon, in obedience to a resolution of the House. Sixteen supervisors, twenty-two inspectors, two hundred and thirty-six collectors (fourteen of whom were also employed in collecting impost and tonnage duties), and sixty-three auxiliary officers, composed the entire force engaged in collecting the internal revenues of the Government.

The expense of collecting the duty on spirits distilled from domestic materials was much larger than on spirits distilled from molasses. The expense, so Gallatin said, was thirty-four per cent. in the former case, and fourteen and a half per cent. in the latter. He therefore, maintained that it required no argument to show that a tax, the collection of which cost more than thirty per cent. of the amount received, was a bad one; and no doubt could remain of the propriety of repealing it, and substituting any other in its stead, if it were not connected with the tax upon imported spirits. The amount collected from these sources was nearly one and a half million dollars; and there could be no doubt that it would be in some degree affected by total exoneration of the tax now paid on the domestic manufacture. He, therefore, thought it was more advisable, under the present circumstances, to modify the most exceptionable part of the law,—that which related to spirits distilled from domestic materials. The modification proposed by him was a duty on the stills, which was subsequently laid.

The expense of collecting duties on sugar, and other articles included within the scope of internal taxation, was not so great, in proportion, as on spirits distilled from domestic materials. The duties on licenses to retailers of wines and spirits, and sales at auction, were only two and one-half per cent.; those on sugar refined and on pleasure carriages were twice as great. The tax on snuff was collected with so much difficulty, that, after a short attempt, its collection was suspended. The expenses on all these things, so Gallatin reckoned, were about eighteen per cent.; but the reader should

consider that the arrangements for collecting it in the beginning were imperfect; and during the next five years, while the revenues were nearly doubled in productiveness, the expense of collection was no greater,—in truth, was somewhat lessened.

Concerning the number of officers employed, the Commissioner remarked, that, in comparison "with facts in the scene most adjacent to the seat of Government, these were less numerous than the corresponding officers of the States. The collectors alone," he continues, "of the revenues of the State of Pennsylvania, all of which are, of course, internal, are believed to be very many more in number—as well, in fact, as in proportion to the respective aggregates of the taxes—than all the officers of every description employed in that district to superintend and collect the six internal duties of the United States."

There was, indeed, one conclusive argument in favor of laying and collecting these revenues. The excise was part of the system by which Hamilton sought to reinforce the import duties, and to prepare the way for collecting a revenue in time of war, when the usual sources of taxation should become dry. It was desirable to develop the system as rapidly as possible, with the least injury to the interests of the people, to test their tax-paying power. The taxes had been laid first on imports, followed by internal taxation; and lastly, a direct tax was imposed. Some people squirmed in bearing the burden; but what would they have thought had they lived in "the land of Gex" during the days of Voltaire, when the inhabitants paid a land tax, poll tax, twentieth, seigneurie, impost duties, tobacco tax, salt tax, special salt tax, cotton tax, and road tax,—the latter in labor?

With the advent of Jefferson's administration, all internal duties were repealed. Gallatin, who was the ablest financier in his party, did not recommend their repeal; but the Committee of Ways and Means did, of which Randolph was chairman. Their mode of treating the matter is proof of the absence of that careful precision which marked the official conduct of Gallatin, Wolcott, and Hamilton. Randolph estimated the duties accruing from this source for the year 1800 "at a sum not exceeding \$710,000," and that they were "chargeable with the expense of collection, equal to \$120,000." The truth was, the sum collected for that year was \$772,322.59, excluding the income from stamps; and the expense of collection, \$88,161.06.

The inference which Randolph desired to have drawn from the following statement in his report is very apparent: "To produce, therefore, into the Treasury, somewhat less than \$600,000, an expense must be incurred more than equal to a fifth of that sum." The fact was, that less than one-ninth was spent in collecting the internal revenue. The chief reasons urged for abolishing this portion of the public revenue are thus stated in the report:



First: "In the vexation and oppression of many of them, some of which are peculiarly obnoxious to our citizens." The tax which the committee doubtless had most directly in mind was that for distilling spirits from domestic materials,—a source whence \$372,561.60 was derived during 1800, and collected from twenty-two thousand stills; secondly, that such a tax was "in the nature of excise, which is hostile to the genius of a free people;" and, thirdly, because so long as the duties remained, "their tendency was to multiply offices, and increase the patronage of the executive. This effect alone would forbid the retention of the internal taxes, and a reduction, to an equal amount, of the impost on articles of the first necessity: since, by that measure, not one of the host of officers employed in their collection would be reduced."

The truth appears to be, that the repeal of these taxes was a party necessity. The Republicans had promised to repeal them; and the pressure to do so was too great to be resisted, although Gallatin saw how dangerous was the step. During the war of 1812 his party re-imposed all of them, including even the direct taxes.

---

## NEW FEATURES IN LIFE INSURANCE.

The necessity of provision for the contingency which may befall one's family upon the death of its head, is one of general importance. To bank officers and bank clerks, whose salary is in many cases their sole resource, this importance is often paramount. To many of these, therefore, the following account of a new form of life assurance which appears to combine the two elements of safety and economy, will be found of much interest.

Until within the last few years the whole business of life insurance, with unimportant exceptions, was confined to the regular, old-line companies, with heavy uniform premiums always payable in advance, and, necessarily, with large reserve accumulations, aggregating at this time over five hundred million dollars. Life insurance is now generally conceded to be the very best means of protecting wife and children in case the husband and father should be removed by death. But the old forms of life insurance with heavy payments in advance and large reserve accumulations no longer meet the wants of the average insurer. A simpler, less expensive, and more convenient form of insurance is demanded. This demand has found expression in the legion of co-operative, or assessment, companies, known as Knights of Honor, Orders of Workmen, Masonic, and Mutual Benefit Societies, etc., which have sprung into existence within the past few years and have now a membership running into the millions.

While in too many cases these co-operative societies have been gotten up for selfish or unworthy purposes by unprincipled men, and in many more cases by men who are ignorant of those fundamental principles governing the business of life insurance, and who by the violation of sound principles, have implanted seeds which must inevitably result in disaster and disappointment, yet there are cases, on the other hand, which bid fair to live and flourish. It will not do to ignore these institutions. The will or wish, or infatuation, whatever it may be called, of nearly a million intelligent and provident husbands and fathers in New York State alone, has decided that these institutions shall be, or at least that they shall have a fair chance for existence.

The true course is by wise legislation; by the dissemination of those principles which science and experience have demonstrated to be essential to success; and by the safeguards which the laws should impose in order to protect the unwary from fraud and empiricism, to improve these institutions. Or still better, perhaps, by supplying the "missing link," as is claimed to have been done in the new departure of the Provident Savings Life Society, to combine the best elements of the two systems, and to avoid the defects of each.

A brief explanation of the "new departure" of the Provident Savings Life Assurance Society may be of interest. This, in fact, is simply a blending of the conservative features of a regularly incorporated life insurance company as regards definite and absolute promises to pay in full the sums insured, backed by an adequate guaranty capital and an adequate premium reserve, with the popular features as regards economy and convenience of payments to be called for only as deaths occur, of the modern co-operative or assessment societies.

The Provident Savings Society was organized in 1875 with the view of furnishing life insurance upon what is known as the Yearly Renewable Plan, whereby a man pays for one year's insurance at a time, but has the right to renew the same from year to year during the remainder of his life, if desired, without medical re-examination, by the payment each year of the cost of insurance at his actual age. In this way large accumulations in the form of heavy premium reserves, which, of course, can only come out of the pockets of policyholders, are rendered unnecessary. These heavy reserves are essential under the peculiar forms of policy contracts adopted by the regular companies and by which the premiums are made level or uniform during life or for a stated number of years, but they are not necessary, under a more simple and less expensive form of contract, to secure the desired protection of life insurance. Under the Yearly Renewable or the Monthly Renewable plan, which is now offered by the Provident

Savings Society, the premiums increase with the age, but large accumulations are rendered unnecessary. Under the old plan of uniform premiums these heavy premium reserves are not only imperative, but they call for large outlays in advance in addition to the current costs of insurance. If the difference saved each year under the former plan were deposited in a savings bank for accumulation the fund would not only pay for the enhanced yearly costs of insurance in old age, if the policyholder is then alive and the insurance is then needed, but such fund is always subject to the order or control of the owner, and in case of death the amount is payable in addition to the sum insured.

Under the new plan of monthly renewable insurances (as in all other forms of policies issued by the Provident Savings Society), the promise to pay in full the sum insured is definite and absolute, and this promise is backed by the guaranty capital of the Society, \$100,000, invested in United States bonds, by the full premium reserve required under the form of contract (every policy in the Society having its own similar and sufficient reserve), and by the special reserve fund deposited in trust for the policyholders in the Farmers' Loan and Trust Company. The proper reserve required under a monthly renewable policy is for one month's insurance only, and this is included in the first or advanced payment. At the end of the month this reserve becomes surplus, and as such is, in effect, paid to the policyholder, who, in effect, at once repays it to the Society as the necessary and sufficient premium for the ensuing month, and, being always kept intact, serves for the full and adequate cash premium for each successive month. The claims by death are met as they occur, by calls for mortuary payments made upon each person insured under this plan, unless, indeed, the death fund remaining from previous calls is sufficient to pay the matured claim, in which event a call would be unnecessary.

The special reserve fund, deposited in trust for accumulation in the Farmers' Loan and Trust Company, alluded to above, furnishes the cement by which cohesion is secured, and is available to level, or perhaps lessen, the payments to be called for to meet death claims, which payments naturally and necessarily increase with the age of the person insured, or to the purchase of paid-up insurance if desired.

Life insurance is not only furnished under the new plan at actual current cost, but the premium payments are to be called for only when needed to pay death claims as such deaths actually occur. That is to say, the cost is based upon the mortality actually experienced, which for a number of years, or until the effect of careful medical selection vanishes, is far less than the tabular or assumed mortality, which last is based upon the average deaths among all the insured, new and old.

I have no hesitation in saying that the new plan is abundantly safe for the Society. In this the stockholders are of the same opinion. That this form of insurance is desired by the public can best be proved as time rolls on, but we believe it will be popular wherever it is known or properly presented.

SHEPPARD HOMANS.

## THE RELATIVE WEALTH OF FARMS.

An Italian committee of twelve, with the eminent Stefano Jacini for its chairman, has made an official and highly-successful inquiry into Italian agriculture. Signor Jacini is a distinguished agriculturist, and was once Minister of Public Works. Of his committee, four members were nominated by the Chamber of Deputies, four by the Senate, and four by the Administration. Italian agriculture is a matter of very slender interest in this country; but the excellence of Italian statistics generally, and of Signor Jacini's report in particular, justifies some useful comparisons with this country. Italy contains 73,141,600 acres, or very little more than our American farmers devote to corn alone. Yet Italy is one of the great powers of the earth, having over twenty-nine million inhabitants. In size it equals New York and New England combined, but in density of population surpasses Massachusetts, which in turn surpasses both France and Germany. The rural population of Italy is about twenty millions, of whom eight and one-quarter millions are productive workers,—namely, over five and one-quarter million men and nearly three million women.

Italy must be classed with the fertile and highly-productive farm countries, for only nineteen per cent. of its surface is reported strictly unfit for profitable uses, although nearly one-half of the rest is not especially productive, and Italian agriculture seems to be somewhat primitive, as it produces an average of but eleven hectolitres of grain per hectare, or 12.6 bushels per acre. The total agricultural product is rated at but 400 million dollars, while that of France is nearly 3000 million dollars, if F. H. Johanet is to be trusted. The farm property of Italy is reported to be worth nominally 4800 million dollars, but it is the subject to encumbrances of the nature of *hypothécaires*, which reduce the actual value to, approximately, 4000 million dollars. This property has to produce food for nearly thirty million people, but generally fails to do so. Beside that, it has to pay taxes as follows:

To the general government .....	\$ 24,939,006
To the province .....	9,767,602
To the towns .....	14,376,968
Personal tax .....	6,000,000
Poll tax .....	4,800,000
Total .....	\$ 59,883,576

Thus, more than one-seventh of the Italian farm product goes for taxes, and one-tenth or more goes for interest on mortgages, leaving but 300 million dollars for the support of the farmers and their profits. The tax per acre of farm land is precisely one dollar, while the encumbrances are about \$13.50 per acre, the market value is about \$80, and the gross annual product is reported at but \$6.66 per acre. This latter point is to be explained, perhaps, on the

ground of small farming, which in turn is due to over population, hills or mountains, and small holdings. The latter may be learned from the tax list of the general Government, which reports as paying:

\$4 or less.....	2,909,581 farms.
\$4 to \$8.....	368,776 "
Above \$8.....	308,200 "

This looks as if Italy had very large and very small farms, and lacked precisely what we have,—farms of average size for the profitable support of one family each. It follows that the farming districts of Italy are, with a few conspicuous exceptions, very poor: the small farmer, though a free holder, being on a par with the agricultural laborer. Both are ill-clad, ill-housed, and so ill-fed as to make the terrible *pellagra* endemic.

The Italian crops reported by the commission are as follows:

	1881. Bushels.		1880. Bushels.
Wheat.....	75,540,000	....	171,048,000
Indian corn .....	56,960,000	....	82,914,000
Rice.....	23,850,000	....	28,278,000
Barley and rye.....	13,090,000	....	19,221,000
Oats.....	13,862,000	....	19,702,000
Total grain .....	183,302,000	....	321,163,000

This makes an average of about 250 million bushels of grain per annum, and gives about ten bushels per inhabitant in an average year, or a wholly insufficient amount. In this country ten bushels of wheat and thirty bushels of corn for each inhabitant are thought a moderate crop. The Italian wheat crop of 1882 is estimated by the *Bulletin des Halles* of Paris at about 120 million bushels or not enough for the home market. As an agricultural country, then, Italy is not a success, and from necessity is driven to commerce and manufacturing or agricultural pauperism and emigration. It resorts to them all with considerable success. But there is one point deserving special attention.

Signor Jacini reports the value of the Italian farms at 4000 million dollars net, and their gross product at 400 million dollars a year. If our farms produced but 2000 million dollars a year, their value on the Italian precedent would be twenty thousand million dollars, and this is probably not an unreasonable estimate, as our farms produce on an average far more than 2000 million dollars a year. But by farms we mean the agricultural lands with all their direct improvements, including houses, capital, implements and stock. And considering the number of people directly supported by our farms, it must be assumed that our farms are worth very much more, absolutely and relatively, than are our factories, although the latter property is subject to greater risks. The inference from this is plain. It is the farmer who makes us rich or poor, and it is to farming that we must look as the principal source of our wealth.

Beside farming all else is comparatively insignificant, whether it is called manufacturing, transportation, commerce, banking, or domestic trade. And we shall do well to avoid the dangerous precedents of Italy and England on this point. Both countries have allowed their farmers to fall into the second rank, when no country can be well supported unless its farming interest is allowed to remain the first in importance, because it is the first in necessity. It is absurd to think that a manufacturing nation is superior to a farming nation.—*Boston Advertiser*.

## NOTARIAL PRACTICE.

[A LECTURE DELIVERED AT KING'S COLLEGE, LONDON, BY PROFESSOR LEONE LEVI.]

When traveling in countries not much blessed with the light of education, it is not an uncommon occurrence to find a public writer surrounded by many men and women, waiting their turn for dictating their letters to their friends and sweethearts, reminding us of the scribes of old, who among the Egyptians, the Greeks and the Jews, acted as a kind of shorthand writers for the people. In Rome these scribes or writers were often called *cursores* or *logographi*, because they could write as quick as one could speak; *notarii*, because they wrote by taking notes; *tabullarii* or *tabelliones*, because they wrote on tablets, and sometimes also *argentarii*, when they only received contracts for negotiations involving money matters. Properly, the *notarius* was the clerk of the *tabellione*. Having taken notes of the act, in what was called a *scheda*, he proved the truth of the same by two witnesses before the *tabellione*, who afterwards drew up the same in an authentic form. The *notarii* of old knew the art of writing in abbreviated notes, using signs or hieroglyphics expressing words, and in this manner they wrote so quick that they had no difficulty in following the most animated speech. It is in this way that they drew up the depositions of witnesses for judicial procedure, the deliberations of the Senate and any public act.

We may well imagine, that in olden times, the procuring of evidence was connected with great difficulties. In most cases contracts were made by word of mouth, often at fairs or markets, in the midst of noise and confusion. The transfer of property, the conferring of powers, the preparation of wills, all suffered in certainty from the prevailing ignorance of the masses, and the notaries who could put down in writing what was done were really a general benefaction. In some cases the parties to the contract were content to sign what the notaries had extended, signing, perhaps in some sort, as by affixing upon the instrument the sign of the cross, a practice which proceeded confessedly from the inability of the parties to write. This was honestly avowed by Cædwalla, a Saxon King, who signed one of his characters, "*propria manes, pro ignorantia literarum signum, sanctæ crucis, expressi et subscripsi.*" It is quite clear, indeed, that as civilization advanced some officers were required to give to mutual contracts both definitiveness and reliability.

Charlemagne was the first to give to the acts of notaries some kind of public character, not indeed judicial, but somewhat akin to it. In 1270, Louis IX, of France, created sixty notaries for the provostship of Paris. These were afterwards increased in number, and in process of time three kinds of notaries were created—Royal Notaries, acting by royal patent; Seigniorial Notaries, nominated by the lords of districts or counties; and Apostolic Notaries, created specially for taking possession of benefices. The Pope always had seven notaries attached to him, and Pope Sixtus VI

issued a Bull in 1558, increasing the number of such to twelve, these being called Prothonotaries. That there were notaries very early in the middle ages on the Continent of Europe there is ample evidence from contemporary literature. Dante, who wrote his poem towards the end of the thirteenth century, wrote as if he found a notary in purgatory. Having met there Gentucca, formerly a noble and beautiful maid of Lucca, Dante was asked by her, "Say, if I behold the man who first gave to the world the rhymes which thus begin: 'Ladies who in the ways of love are versed.'" And he replied, "One am I who note when love inspires, and as he speaks within, so in accordance with his bidding, write. Brother," he said, "I now perceive the cause, why the notary (a certain Jacopo da Lentin) Guittone and myself vainly strove to catch the style that wins thee such applause. I well discover how your plumes have sailed close in the wake of your inspirer love; and this the point where our endeavor failed." Shakespeare, in his *Merchant of Venice*, put in the mouth of Shylock, "Then meet me forthwith at the notary's. Give him direction for this merry bond." Robin Hood in his *Vision of Piers Ploughman* has "And bad Gyle go, gyve gold all about Namelich to Notaries than non of "hem faille." And Massinger, in the *New Way to Pay Old Debts*, has "Besides, I know thou art a public notary, and such stand at law for a dozen witnesses."

The intervention of notaries in public acts appears in many public documents of ancient times. The marriage contract between the Catholic King, Don Ferdinand, and the Queen Isabella of Arragon and Castile, with Ferdinand, King of Naples, and Don Alfonso, his son, Duke of Calabria, was made in the presence of Gasper Daringo, public notary, who, according to custom, put under his signature a *paraphe*, that is, a pen and ink device of a very intricate and inimitable form, equivalent to the seal more generally used in England. (*"Archeologia,"* vol. xxxvii, pp. 58-82.) The Treaty of Utrecht of 1713, containing the renunciation by the King of Spain to the crown of France, and the renunciation by the Duke of Orleans and Duke of Berry to the crown of Spain, was countersigned by a notary, Don Manuel de Vadillo. In England there were notaries as far back as the thirteenth century. They were known before the Norman Conquest; they were distinctly named in the Statute of Provisors in the reign of Edward III, while the army of Edward IV, preparing for the invasion of France in 1475, numbered a doctor of law and a public notary. But both England and France required formal legislation on the subject, and that was provided at the very commencement of the present century. While England passed an act for the better regulation of public notaries, dated 27th June, 1801, France enacted the laws of 22 Pluviose II, and Ventose An. VII, 1799, both of which organized the notariat, and consolidated its practice.

Notaries, says the French law, are public functionaries established to receive all acts and contracts to which the parties wish to give the character of authenticity. Their intervention in acts of public authority is necessary, to establish the date, to take care of the instrument and to provide copies of the same when required. The notary in France is in the highest repute, and his duties are often of the most delicate nature. The learned jurist, Le Clerk, apologizing in a manner for this exceptional kind of officers, said: "To establish the right of property and civil rights, and to secure the comfort of families, a fourth institution is necessary. Side by side with those

functionaries who conciliate and judge differences, the public require other functionaries, who may act as disinterested counsellors to the parties as well as impartial exponents of their will—men who will make the parties acquainted with the extent of the obligation they contract, who will draw up their agreements with clearness, giving them all the character of authentic acts, and almost all the force of a final judgment, thus in a manner perpetuating their memories and keeping the trust reposed in them with faithfulness, preventing, as far as possible, differences to arise between men of good faith, and taking from greedy persons any hope of success from the chances of an unjust dispute. These disinterested counsellors, these impartial writers, and these in a manner voluntary judges, who by their acts irrevocably bind the contracting parties, are the notaries." I fear, indeed, that these are far too pretentious words for any real description of the office of the notary, but allowance must be made for the fact that in France a notary public is an officer much better known, and with far greater powers than in England.

By a singular incongruity the appointment of notaries in England is in the hands of the Archbishop of Canterbury, acting as the master of faculties, or more correctly as the court of faculties. What is a faculty? It is a dispensation or license to do that which is not permitted by law. The word at least is so used in ecclesiastical law. Thus, for any alteration or enlargement of a church you require a license or a faculty. If you are in a hurry to get married, and will not wait the time required for the publication of banns, you may get a license or faculty. If you are longing to eat flesh on days prohibited, or to hold more than one benefice and be a pluralist, you must have a faculty from the Archbishop of Canterbury, and if you will be a notary you must have a faculty. But no one can be so appointed unless he is a member of the Scriveners' Company. A scrivener is one who draws up and engrosses writings; one who draws up contracts, a *scrivano* or *scrivain*, though the word is also used to indicate one whose business it is to place money at interest.

"How happy in his low degree  
Who leads a quiet country life,  
And from the griping scrivener free."

The Company of Scriveners of the City of London dated from the seventeenth century, and one of its by-laws provides that no person shall publicly use or exercise the art, mystery, or science of scriveners, and make it a profession or means of living within the City of London or three miles thereof, unless he has been admitted into the freedom of the company. The Company of Scriveners has, indeed, like many other city companies, only a nominal existence. It has no hall, and scarcely any privilege which would be worth while to contest. Nevertheless its connection with the notaries continues to be respected. No person, moreover, can act as notary except he is properly admitted by the Archbishop of Canterbury, and no person can be admitted unless he has served as an apprentice for seven years with a public notary, and if any public notary should act as such, or permit or suffer his name to be in any manner used for the profit of any person not entitled to act as a public notary, he would be struck off the roll. Inasmuch, however, as any restriction as to the ap-



pointment of notaries might be found inconvenient in places distant from the City of London, any attorney, solicitor, or proctor may be appointed and admitted to act as notaries in any place at a distance of more than ten miles from the Royal Exchange, the master of the faculties making rules requiring testimonials, certificates, or proofs, as to the character, integrity, ability and competency of any person applying for admission. All Consul Generals and Consuls are also empowered, at any foreign port or place, to do and perform all and every notarial act which any notary public can or may be required to do in the United Kingdom.

In France considerable care is exercised in the selection of notaries. The conditions required of the candidate are that he shall be a born or naturalized French subject; that he shall have satisfied the military law of conscription; that he shall be twenty-five years of age complete; that he shall have passed his apprenticeship; and that he presents satisfactory certificates of morals and capacity. On his appointment (which is for life) he must take the oath and give sufficient securities. A notary in France cannot engage in any stock-exchange speculation, in commerce, banking or discounts. He cannot take part in the management of any finance or commercial company. He cannot purchase or sell real estate, shares, &c.; he must not be interested in any business for which he is acting as notary; he cannot employ for his own use any funds given to him as notary. There is a chamber of notaries in France, like the benchers of the Inns of Court in this country which acts as a court of honor for maintaining discipline among notaries, and for any act inconsistent with the honor of the profession, or unworthy of his character, or contrary to law, a notary's name may be struck off the roll.

As I have said already, a notary is an officer appointed to draw up any acts, contracts or conventions of parties according to their own free will, without any variation or addition,\* and the real object and value of his intervention is this, that his presence and signature serve as a proof of the truth of the acts which are made in his presence. Whereas writings which are called private, that is to say, which are signed only by the parties concerned, their signatures being unknown to the courts of justice, must be verified and proved if called in question, all acts which bear the signature of notaries, carry along with them the proof of the truth of the acts which they sign. In view of this the intervention of notaries becomes exceedingly useful in a variety of ways, and the French, Italian, and other Continental codes entrust to them duties which in England are performed by other officers. Thus notaries are required abroad in contracts of marriage, wills, deeds of gift, partnerships, bills of exchange, letters of attorney, assignments of property, acquittances, powers of redemption, &c. The civil code of France provides that every marriage deed shall be made in the presence of a notary, and that in case of divorce, the parties shall present themselves before the president of the civil tribunal and there make a declaration of their will in the presence of notaries. A declaration of a council of minority must be made before a

\*The oath of a notary includes this: "I will faithfully make contracts or instruments for or between any party or parties requiring the same, and I will not add or diminish anything without the knowledge and consent of such party or parties that may alter the substance of the fact; I will not make or attest any act, contract, or instrument in which I shall know there is violence or fraud; and in all things I will act uprightly, and justly in the business of a public notary according to the best of my skill and ability."

judge and a notary. Any sale of property belonging to minors must be made publicly in the presence of the guardian or before a notary. Every sale in case of a succession must be made before a notary. Every donation or deed of gift must be made before a notary. A will must be made by a public act received by two notaries in the presence of two witnesses, or by one notary in the presence of four witnesses. And a will cannot be revoked except by a second will, or by an act before a notary declaring the change of will. And when we come to the code of commerce, notaries are named in connection with the nomination of arbitrators in case of disputes among partners and in case of division of property among them. A notary is the officer appointed for protesting bills. Before a notary a bottomry bond must be signed, and before a notary the captain of a ship will make his protest in case of total or average loss.

In England a large part of the functions of notaries with reference to the taking of evidence is performed by justices of the peace, whilst the attorneys or solicitors are the natural advisers in all matters of personal obligations. In Scotland most writers of the signet, equivalent to our attorneys, are notaries public, in which capacity they protest bills, authenticate deeds for persons who cannot write, and prepare various notarial instruments, many of which, however, have been suspended by the registration of conveyances for instruments of sasine. By far the most important, however, if not the exclusive, functions of notaries at this moment in the United Kingdom are connected with bills of exchange, all acts necessary for the protest for non-acceptance and non-payment of bills being practically in their hands. I will not attempt on this occasion to detail the law on bills of exchange and the steps required for preserving one's rights against the different parties in a bill. Suppose, for instance, a bill is presented for acceptance or payment, and the drawee will not accept or pay it, or the drawee has absconded, or cannot be found, or has not left orders after having had the bill left for deliberation, or there is any difficulty in making a presentment, from the lateness of the hour or in any other extraordinary case, the duty of the holder is to send for a notary, who will, if possible, go to the drawee and make a formal presentment of the bill, and if acceptance or payment be once more refused he will there and then take down the answer he gets, which is called the noting of the bill, that being, in fact, an incipient protest consisting of the marking upon the bill of the initials of the notary's name, the true date of dishonor, &c. The practice is for the notary to copy the bill in a book before he sends out the bill for presentment. But neither the entry, nor the book, nor the ticket, that is, the minute attached to the bill, is legal evidence of the presentment of the bill, which must be proved by the clerk of the notary if alive, and if not by proof of handwriting. A presentation by a notary might be made up to twelve o'clock at night, but it is generally made from a little before six to a quarter to seven. Usually, whilst the noting is made the very day the bill was presented, the protest itself is and may be drawn up the following day.

The protest itself is an instrument in writing, signed by the notary and made under his official seal, stating correctly the date of the dishonor, the refusal to accept or to pay, or the circumstances incident to the non-acceptance or non-payment, and generally at whose request the bill is protested. The bill is copied on the back of the protest, or a copy of the bill is prefixed to it. A notarial register,

called a protest book of the noting and protesting of bills and notes with copies of such bills is usually kept in a notary's office, to afford the means of preparing duplicate or triplicate protests if they should be wanted at any time afterwards, and as it is usual for the person who presents the bill to mark the register with his initials, this enables the holder to prove the presentment without difficulty in case it should ever become necessary. An entry in the book of dishonor of a bill of exchange made at the time of the dishonor in the usual course of business by the notary's clerk who presented the bill may be given in evidence in an action on the bill upon proof of the death of the clerk. The presentment for payment is made by the notary after refusal to the holder in the same manner, and with a view to the same ends as the presentment for acceptance. Sometimes, after the bill has been protested for non-acceptance or non-payment, some stranger to the bill or some one indicated in it to do so in case of need, comes forward to accept or pay the bill for the honor either of the drawer or of any of the endorsers, and the question has been suggested whether he should do so after the bill has been noted, and before the protest has been extended or after that has been done.

On the 7th of August, 1849, Jean Petcheniff, at Odessa, drew a bill of exchange upon Wieler, in London, for £260 payable at three months' date to the order of Messrs. Buba Frères. Wieler accepted the bill and Buba Freres indorsed it to Fratelli Buba, of Moscow, who indorsed it to Giles Leader, who indorsed it to the London and Westminster Bank, by whom it was presented at maturity on the 10th December, 1849, for payment. That payment was refused, and the bill was protested for non-payment on the said 10th December. On the 11th December, Geralopulo appeared before a notary public and declared that he would pay the bill under protest for the honor of Signori Fratelli Buba, the second indorsers. He paid accordingly, and having forwarded the protest by post on the same day to Messrs. Fratelli Buba, Moscow, he subsequently sued Wieler for the amount. Wieler pleaded that the bill was not duly protested for non-payment in manner and form as alleged, that Geralopulo did not pay the bill *supra* protest, and that he had had no notice of such protest for non-payment. The protest and kindred documents being out of the jurisdiction of the court, Geralopulo proposed to give secondary evidence of their contents from the notary's books. But this was objected to by Wieler. Geralopulo further produced duplicate protests which had been drawn up respectively by the notary in March and April, after commencement of the action, from the entries made in the book at the time the transactions occurred, but Wieler insisted that though under ordinary circumstances the formal instrument of protest may be drawn up or extended at any time before action, or possibly before trial, at all events that could not be done in the case of a payment *supra* protest for the honor of an indorser, the rights of third persons then intervening, but that in such case the protest must be regularly extended before the payment for honor is made. It was, however, decided that the bill having been duly protested and the declaration that the payment was made for honor duly made before notaries, and these facts having been recorded in the usual way in the notarial register before payment, the duplicates produced at the trial were originals and equivalent in all respects to the duplicates which were sent to Moscow, and that it was not necessary to prove the contents of the last-mentioned duplicates

by the notary. This is, indeed, one of the many cases where the legal value of the noting and protesting was tested by the courts.

The bill to consolidate and codify the law relating to bills of exchange and promissory notes introduced in the House of Commons in 1881 by Sir John Lubbock and others in accord with the Institute of Bankers, contains the following sections as regards noting and protesting. Where an inland bill has been dishonored, *it may*, if the holder think fit, be noted for non-acceptance or non-payment, as the case may be. Where a foreign bill has been dishonored by non-acceptance, it *must be* duly protested for non-acceptance, and where a foreign bill which has been previously dishonored by non-acceptance is dishonored by non-payment, it must be duly protested for non-payment. If it be not so protested, the drawer and indorsers shall be discharged. A bill which has been protested for non-acceptance may be subsequently protested for non-payment. A dishonored bill must be noted or protested on the day of its dishonor. Where the acceptor of a bill has committed an act of bankruptcy before it matures, the holder may cause the bill to be protested for better security against the drawer and endorsers. A bill must be protested at the place where it is dishonored. Provided that when a bill is presented through the post-office and returned by post dishonored, it may be protested at the place to which it is returned and on the day of its return. When a bill drawn payable at the place of business or residence of some person, other than the drawee, has been dishonored by non-acceptance, it must be protested for non-payment at the place where it is expressed to be payable, and no further presentment for payment to or demand on the drawee shall be necessary. When a bill has been lost or destroyed, protest may be made on a copy thereof. A protest must contain a literal transcript of the bill and must be signed and sealed by the notary making it, and must specify the person at whose request and the parties against whom the bill is protested, the date of protest, the cause or reason for protesting the bill, the demand made and the answer given, if any, or the fact that the drawee or acceptor cannot be found.

It would be out of place for me here to offer any criticism on the important bill once more presented to the House of Commons under influential auspices. I am glad that a *bond fide* attempt is thus made to codify the commercial law of the United Kingdom. My first *début* in public life was as an advocate of such a code. It is now just thirty years since I delivered a lecture on the subject, and suggested substantially the very method now pursued as regards this bill for every branch of commercial law, and the great conference held in London in 1853 at the Law Amendment Society, under the presidency of the great law reformer, Lord Brougham, and the Earl of Harrowby, came to resolutions in favor of the codification of the commercial law of the United Kingdom and commended the subject for the earnest attention of Her Majesty's Government. But alas, a Royal Commission to ascertain how far was it possible to assimilate the mercantile laws of the United Kingdom was all that could be got, and though two Acts of Parliament were passed removing some differences in the laws of England, Scotland and Ireland, that came far short of the object I had contemplated and submitted.

Without attempting to review the merits of the Bill on bills of exchange, I may be permitted to say, first, that it is exceedingly difficult, if not impossible, to foresee every possible contingency in

commercial practice, and that therefore, however complete the Bill may be, it is sure to leave out many principles and modifications of principles, almost certain, sooner or later, to need to be legally ascertained and established. Second, that the principle of the Bill of consolidation and codification of the law is open to objection, that while one part consists of what is really law, the other embraces what is scarcely law, but simple statements of legal principles. And, thirdly, that I am not quite satisfied that the legislature can deal with the law on bills of exchange in this manner without regard to the law on other kindred subjects; the different branches of commercial law having, of necessity, close mutual relation. It is easy to show how difficult is it for legislation of any kind to foresee every possible event. The Bill says a bill must be protested at the place where it is dishonored. Let a bill be made payable by a party at the place which was his domicile at the time, and he afterwards changes domicile, should the protest be made at the place indicated, or at his new domicile? Where would you consider the bill dishonored? Let a bill be made payable at the house of a third party, and the third party changes house, must you follow the house or the person? Let a bill be drawn to a house at Bristol, payable in London, must the protest be made in Bristol or in London? Suppose the bill is so drawn that it is impossible to find out where precisely the funds are likely to be, what is the holder to do? Some of these questions may be answered in a moment; but a thousand points daily occur in practice which seem different from every point previously decided, and if you make ever so complete a code of rules it is sure to be imperfect in something or other at no great distance of time. In dealing with such an instrument as a bill of exchange, it is necessary to remember that it is essentially an international instrument, and that each party in the same enters into the contract in accordance with the law of the country where the contract is made. A bill drawn in Russia and indorsed to parties in France, Germany, Italy, or England, is for all intent and purposes, in so far as each party is concerned, a Russian, French, German, an Italian, or an English bill. Many are consequently the points of conflict of law arising on the subject. Suppose a bill or any other instrument is executed and recorded before a notary public in a country where by law a copy of the instrument certified by him is sufficient to establish its existence and genuineness, would that certificate be admissible in the courts of law in England to establish the same fact? Is it not right to say that an act executed before a notary in any place, if duly executed according to the law of that place, and valid there as a notarial act, is held of the same obligation and validity in every other place? The notary public is a kind of international officer, to whose acts all civilized States give credit; but questions of conflict of law arise often independently of the notary, and are of a most perplexing character, whoever may be the authority concerned, whether courts or officers.

I scarcely need to say that notaries owe to the honorable functions which they have to perform, the most scrupulous probity. There seems to be a kind of halo connected with a public officer of such antiquity, recognized and honored almost in all countries, intimately associated with ecclesiastical law and with ceremonies of a sacred character, and yet immediately interested in one of the most modern and most advancing of all the branches of the

mercantile professions, viz.: banking. Surely it behoves no other public officer more than the notary to act on the principle of the motto which distinguishes this college, and which in a manner guides and controls all the studies in this school of learning:

SANCTE ET SAPIENTER.

Sancte, high morals, combined with sapienter, intelligence, knowledge, and culture.

Sancte, a tenacious grasp of principle, with sapienter, an unbounded love for scientific progress.

Sancte, due respect for the past, with sapienter, a true aspiration towards the ever-improving, ever-advancing future—the future of commerce, and banking—the future of the human family.

## BONAMY PRICE ON BIMETALLISM.

The following address of this distinguished economist is worthy the attention of our readers and especially the concluding portion in which is set forth Clarmont Daniell's plan for employing silver as money.

What is bimetallism? It speaks of two metals used for making coins; but the use of two such metals is not bimetallism in its technical sense. England employs two metals for making coins with, gold and silver; but she is not a bimetallic country, for two reasons. First, the mint is under no obligation to coin all the silver which may be brought to it; only enough is coined as shall satisfy the want for small change enough to buy with in small shops and small markets. Secondly, silver shillings are not legal tender for more than forty shillings of debt. No creditor is bound by law to accept on presentation forty-one or more in discharge of the debt due to him. Under such a system a large mass of silver coin could not be needed, and if coined would incur depreciation of value. Bimetallism, on the contrary, coins all the gold and silver presented to the mint in a fixed ratio towards each other; and such coins are legal tender to any amount.

But we have not yet reached the essence of what is called bimetallism. It expresses a very peculiar demand made by its advocates. That essence is the requirement that in the coins gold should be related to silver in the proportion of fifteen and a half ounces of silver to one of gold. This is a most peculiar, nay, a most strange demand. In the metal market, at the shops of the bullion dealers, gold is worth about eighteen times as much as silver; that is the proportion in which the two metals stand towards each other, that is the value of each metal; one is worth, can buy, eighteen times the weight of the other. It is plain, therefore, that a coinage which decrees that fifteen and a half ounces of silver shall reckon and shall be available for paying a debt of one ounce of gold is false money; it is untrue, the relative values of the metals express a proportion which no dealer

in metals in the metal market would listen to for a moment. He would ridicule the idea of giving to a man who brought him fifteen and a half ounces of silver an ounce of gold. He would be a heavy loser by such a sale; yet this is precisely what the bimetalists are clamoring to effect. Such money would not do the work of true barter, true buying and selling; it would not give equal for equal, value for value.

This is a matter of vital importance for the every-day life of every man; and so it becomes in the highest degree necessary, in order to know how to deal with it, to master thoroughly the true nature of money, what it is, and how it does its work in the world. All nations use money, cannot live without it; all handle it, all talk about it, yet probably there is no subject so entangled as money within the whole range of political economy. Every man thinks and speaks as if he knew all about it—yet how many can tell clearly what money is!

What, then, is money? How was it born into the world? What work has it to do, and how does it do that work?

Money is a tool, nothing else—as really, as simply a tool as a knife. Precisely like a knife it is sought and acquired, not to be possessed for its own sake, but solely for the sake of the work it performs. And what is this work, what is this tool wanted for? To effect exchanges, to be given away in exchange for something else, and then in turn to travel on and to make a second exchange. It obtains for its possessor some commodity or service which he desires. But why was such a tool needed? Why could not commodities be exchanged for each other by means of direct barter? Because direct barter would have been arrested by the greatest difficulty which the social life of mankind could have had to encounter. Human beings, unlike animals, were formed to make various commodities for each other. How were they to be exchanged? How could the men who mutually wanted each other's goods be brought together for exchanging? A farmer required a coat, but no tailor was in search of a calf; how was he to obtain clothing? Here were two buyers and two sellers, yet neither could procure what he wanted. Money was invented to overcome this most embarrassing difficulty. The farmer sold his calf to the butcher for money, and exchanged that money at the tailor's for a coat. Money served as a mere tool for exchanging indirectly the calf for a coat. The embarrassment was instantly removed; the exchanging of all commodities was easily effected, and the greatest principle of associated human life was established—division of employments.

This analysis brings out at once the greatest characteristic of the tool money. It is ever circulating. No one takes it for its own sake, to be retained for use and enjoyment. Every man receives it for the very purpose of parting with it again. Money ever kept locked up is an utterly useless tool. It works only when it circulates, when it passes into another man's hands.

The fact that money is nothing but a tool enables us to answer easily the question, How much money is wanted? As much as we can get, shout the multitudes who believe in the mercantile theory, who are delighted with the right balance of trade when a country exports more goods than it imports, and is ever receiving the difference in money. Such persons are wholly ignorant of the real nature of money, that it is nothing but a tool.

The rule for the numbers of all machines is the same universally: so many tools are wanted as shall be able to perform the work required to be done. Any excess beyond this number is a pure superfluity, a waste of the expense which it cost to make the machines. The work which money has to perform is to exchange commodities. This it does by circulating, by being taken by a seller of goods to be given away in turn by him as a buyer of other goods: it does nothing for him except to buy with when he has sold. This useful service it performs only when it leaves his hand. Money, coin, is wanted for ready-money buying only, and trifling is the quantity needed for such buying in comparison with the gigantic amount of sales and purchases effected by pieces of paper called bills and cheques. Alas for the theory of a favorable balance of trade by the side of such facts. The money flowing in from abroad—which, be it observed, is not new wealth gained, but only metal paid for with goods of equal value sent away—when a country has enough to serve as ready money, is a lot of useless tools which must be locked up in chests and vaults. Has any man ever been known to go on buying more tools than he can use? Would he be admired for such conduct? Of course a reserve stock is required for money as for most tools, but that is a matter which does not enter into the discussion of its nature.

Now arises the fundamental question which it behoves every man to grasp—yet how many can answer it? No man understands what money is, if he is unable to see the answer. How does money perform its work? The tool, knife, works by means of its sharp edge—it cuts; every one sees this instantly; but how many can tell how it is that money buys? It works by means of its worth, its value, as a piece of metal. On this cardinal fact all understanding of what money is hangs. The whole battle with the bimetallist turns upon it. To buy is to exchange one thing for another on the basis of the value of the one being equal to that of the other. But what is the quantity of value which each possesses? That is the critical point. In common life, the value of the thing is held to be its price, what it will fetch in money; but that leaves the value of the money fetched unexplained. We obtain that explanation by saying that the value of the money is calculated in the same way as that of the article bought. The amount of the money given is determined by the cost of producing the metal, precisely as the price of a coat or a loaf of bread is determined by what they cost to produce. The quantities of the metal and the commodity exchanged are regulated in the same way. As Aristotle pointed out, gold, money, is chosen simply as one of many commodities. The cost of production of gold or silver is the amount of goods of all kinds which the miner must have to induce him to get the metal out of the mine. As all commodities are exchanged for the same article, the precious metal, their several values are expressed in, are measured by, the value of the metal of which money is composed. Each has a price in money; their values can all be compared with each other.

But it must never be forgotten that the value of money is subject to a most disturbing force, which creates incessantly severe fluctuations in its power of purchasing. Money, like every other commodity, falls under the universal law of supply and demand. As a rule, its power to buy consists of its cost of production. If that cost is not replaced, on an average, by what it procures of other commodities in exchange, it will not be dug out of the mines,



precisely as wheat will cease to be grown if the variations in the quantity gathered, caused by the seasons, do not balance each other and remunerate the farmer on a series of years. These fluctuations in the value of money, however, are more frequent and last longer than those which befall most commodities: and the disorder and mischief they bring with them are often most serious. Changes in the value of money alter the values in the market of all other articles, as well as the worth of the yield of all investments. By the same stroke, as it were, they enrich and at the same time impoverish multitudes. Mines are most variable in the quantity of the metals: they yield: their power to affect prices is enormous. Nevertheless, these changes in the intrinsic worth of the precious metals have not been so excessive as to expel them from being used as the money of the world. Their power in exchanging is, as a rule, their cost of production, and that is what must on an average be given to the miners to induce them to continue mining, subject to the fluctuations created at times by the state of their supply and demand in their markets.

Here I hope I may be forgiven, if I venture to repeat a little tale which I have already told elsewhere: it singularly reveals how money performs its work. I was leaving Geneva a few years ago, and paid my bill to the landlord of the hotel with English sovereigns calculated in francs at the rate of exchange of the day. He then looked over them in his hand, and asked me whether I could give him a Queen Victoria sovereign in exchange for one with the King George and the Dragon. I did so, and asked him why he preferred the one sovereign to the other. He instantly replied, "Sir, all these sovereigns will be melted before to-morrow evening; the King George and the Dragon was coined many years ago, and is probably of light weight; the Queen Victoria is modern and of full size." No answer could be more instructive. The nature of money and its mode of action stood forth in the clearest light. Manifestly I paid the debt I owed with pieces of metal, with a certain weight of gold; as such the landlord treated them and accepted them as payment. Food and lodging were exchanged by direct barter for small lumps of gold of given weight and purity.

Steadiness of value is the highest virtue which money can possess. Its importance is supreme. Every man who sells, takes money on the faith that he will be able to purchase with it other articles worth the one which he had given away. If he buys at once, he is sure to accomplish this; but what if he purchases property which is meant to be kept for many years? Think what the consequence would be if the value, the buying power of money, was suddenly doubled or halved by altered cost of production; conceive the effect of such a change on the value of land and houses, on all fixed incomes or the returns from all investments. Look at what would happen in consols alone. Those whose fortunes were laid out in the funds would become twice as rich at the cost of the nation, or only half as rich, to their own ruin. Unfortunately, perfect steadiness of value is unobtainable, for the mines which produce the precious metals are liable to fluctuations in their yield to the labor and capital by which they are worked, and then the cost of production of the metal, that is, its value, is changed. It is a misfortune which cannot be entirely avoided, but it may be affirmed with truth, that these fluctuations in value have not been so heavy as to render the

precious metals unfit to be the tool of exchange. In steadiness of value gold is acknowledged to possess signal merit.

Further, it is obvious that the worth of the precious metals falls under the law which rules the value of all commodities, the law of supply and demand. The mines may be fitful in their yield, war may call for large quantities of money, great developments or fallings off in trade may vastly increase or diminish the want of money, and thus mischievous alterations in its value may be generated.

It may now be asked, if money works by means of its value as a commodity, how comes it to pass that pieces of paper which speak of money, but do not give it, can buy as easily as coins? The answer is not difficult. Money works, not by any of the physical properties of the metal of which it is composed, but by its value. A note is a ticket for some metal left in a cloak room. The metal is not in hand and does not pass, but its value does pass, is transferred to the possession of the seller, and its embodiment in writing suffices to do the work of the money pledged by the written paper.

We reach now the battle between monometallism and its rival, between a single or a double standard for money. It must be clearly understood that it is a fight for one legal tender or two, for that I hold to be the meaning of the word standard. A standard is metallic coin which the law commands a creditor to receive as the full payment of the claim which he has against the debtor. Ought coins made of gold or coins made of silver to be the legal tender of a nation, or either of them at the choice of the debtor? Here, at starting, I beg to call your attention to very weighty words written by a great authority in these matters, Mr. H. Hucks Gibbs, ex-governor of the Bank of England: "With a single standard, every one who buys and every one who sells knows precisely what it is that he gives and what it is that he receives for the commodity with which he is dealing. Of the single standard of these realms, I will say, that if nothing else had to be taken into consideration, and if we had dealings with no other country but the British Islands, our system would be perfect." And mark well, this declaration was made by an eminent bimetallist. These are admirable words. The principle they proclaim is the very essence of a good monetary system. They tell us that the money of England is perfect, that any man in England who gives or receives it knows thoroughly the meaning of what he does in buying or selling a commodity at a stated price. He understands the precise nature of the exchange he is making between the worth of the article which is exchanged for money and the value of the money given for it. What higher quality of good money can be conceived? This energetic and distinguished bimetallist tells England that she has the best conceivable money, and yet he labors hard to deprive her of it. He toils to persuade the lawgivers of England to get rid of the perfect system and to adopt an inferior one. His judgment on English money is final and complete; it is excellent—best that can be invented. The merit assigned to it ought to be decisive: it bids Englishmen to hold fast the excellent tool of exchange they possess, and not to strip themselves of the precious utility of that excellence. And what is the reason put forward for urging a change which may well be thought so extraordinary? Regard for the inhabitants of England in respect of the enormous money transactions which they carry on in their

own country? Nothing of the kind. Their dealings with foreign nations are alone thought of, and the inferior moneys they possess. Would it not be a wiser, a more intelligible, course to pursue, to exhort these foreign nations to listen to good sense, to give up their inferior money systems, and to take in their stead the perfect money with which England is blessed?

Since, then, the English system is thus perfect, the system of a single metallic standard—it becomes highly desirable that we, who are asked so vehemently to abandon it, should understand what it is. It might seem that Mr. Gibbs's description of it is incorrect. Two metals, and apparently two standards, form parts of it. Up to forty shillings, as has already been said, the creditor must accept the shillings: is not this a second standard? At first sight it might certainly be so understood, yet Mr. Gibbs is right—there is only one money standard in England. The difficulty is in the shilling; the shilling must be explained. The money of England contains three metals, nevertheless it buys and sells only with gold. The shilling does not buy with its silver alone; it gets help from gold. The definition of a sovereign is a given weight of the metal gold; it states all that a sovereign is. The definition of a shilling is radically different; it is the twentieth part of a sovereign. In value the silver of a shilling is not equal to the twentieth part of a sovereign; there is not silver in it enough for that. A shilling, really is a token; it indicates something else, namely, the gold lying in it unseen. Twenty shillings by law are the equal of a sovereign. This fact, coupled with the inadequate quantity of silver, reveals the token. In a much wider sense yet is this true of a penny; it is the twelfth part of a shilling, the two hundred and fortieth part of a sovereign by law. The value of its metal is not the thing which counts, but the value of the sovereign with which by law two hundred and forty pence are exchanged.

For what reasons, we now ask, do the bimetallists demand that the gold standard, which is pronounced faultless, should be supplanted by bimetallism? The frequent and heavy depreciations in the value of silver have been the explosive force of the whole of its action. Those who had large debts to receive from nations using silver or had to buy in countries using gold have suffered severe and incessant losses. Foreign nations, whose money was silver, and all property sold in them was paid for in silver, were hit hard in paying debts of trade due to gold-using nations like England. They were compelled to pay for what they owed to those countries with much more silver; more francs had to be given for the sovereign due in England. India, too, was more struck by the sinking value of silver than probably any other country. A larger quantity of silver had to be given for purchases made in England. Loans, or the interest due on them, for railways and similar purposes, which India was obliged to pay in English money, compelled more silver to be remitted to England at the heavy cost of the senders. Then again, a large portion of the national revenue of India had been settled a century ago in fixed amounts of silver rupees; when those rupees sank in value from two shillings to eighteenpence, a most severe diminution of the public income was sustained, whilst the demand for expenditure was ever increasing. The Americans, too, being large producers of silver, joined loudly in the outcry, and stirred up several leading nations to make a revolution in their money. In all directions they clamored that money should be made of silver. Many Englishmen were deeply

interested in these events. It was very unpleasant to Englishmen trading with India to be paid with rupees which could be converted only into much less English money, whilst the selling prices of their goods in India had not gone up; thus loss and embarrassment sprang up in the Indian trade. These and other like causes created trouble on all sides. Germany found out the same truth as had forced itself on Mr. Gibbs; it changed its currency, discarded silver, and for it substituted the perfect metal gold. By this act she extricated herself from much harm, but she also thereby increased the losses and the anger of silver-using and silver-producing countries.

Out of this tumult of losses and discontent, generated by the heavy depreciation of silver money, sprang up the war of bimetallism against monometallism. The bimetalist attacked the single standard of gold with an arbitrary theory. The law, they exclaimed, can and must make fifteen and one-half ounces of silver worth an ounce of gold at the very time when that ounce of gold fetches eighteen ounces in the metal market. The bimetalist decrees that silver shall have two prices in England, one that it possesses as an ordinary commodity in its own market, the other in the currency of the country. Thus a large unnatural increase of value is given to silver. The interest of the nation is despised, its perfect system of currency is thrown to the winds, the profits of the owner of silver govern the situation, and practical common sense is outraged by the determination to give two prices to the same article, at the same time, and in the same country. Law is to perform this miracle. It is true that silver has stood towards gold in the proportion of fifteen and one-half to one, but this came from the fact that at that time the price given by the law was in harmony with that which existed in the open market for silver. France and the Latin Union gave this value to silver in their currencies, and succeeded in maintaining it for a while, but then the natural value of silver was higher. Indeed, it is held that it was at this period the dearer metal, dearer than the price given to it of fifteen and one-half to one. But successful mining made silver much cheaper, and the bimetallic law could not prevent its fall in value. The Latin Union, we are told, has given up the attempt to maintain by law a ratio of value between the two metals.

But let us suppose that the false ratio is adopted and continued on in England, what will be sure to befall the two metals and the currency? Gresham's law will assert itself, the undervalued metal will leave the country. Foreign nations will pay their debts to England with cheap over-valued silver. We are assured that there is a vast demand for gold in Asia, and also an immense stock of silver. Merchants will buy that silver at the low value of eighteen ounces for an ounce of gold. They will send it to England, and get it coined into the new shillings. With fifteen and one-half ounces of these silver coins they will get an ounce of gold, take it across the water to Asia, and sell it there for eighteen. They clear a profit of two and one-half ounces, and the pleasant operation will be continued till the gold coins of the country are carried off. Is this the result which the bimetalists desire? They have never yet shown that it will be possible upon their system to escape it. Gold will be cleared away from the money of the country, and along with it bimetallism. Monometallic silver money will have absorbed the whole currency.

There is an abundance of silver underground wherewith to carry out the operation.

It is not easy to believe that any bimetallist who can think has persuaded himself that this scheme of currency can live by the side of two markets, two contradictory prices for silver; he must be nursing himself with the pleasant illusion that if all nations agree to use gold and silver for their currencies upon one and the same valuation of the metals, the real metal market will follow suit, and adopt the same relative prices for the metal used for other purposes.

But now there is a question which ought to be put categorically to every bimetallist, and which he is specifically bound to answer. He seeks to make England a bimetallic country, to make both metals legal tenders in her currency, to place silver on the same level with gold. In organizing this change at the present hour, why does he not take the two metals at their true, their actual, market values? Why does he not make the start with a ratio of gold to silver of one to eighteen? Why does he not demand that in the coinage eighteen ounces of silver shall be the value of one ounce of gold? It is impossible for him to give a reason, within the principles of currency, why he should not, in framing his new system, give to the coins of the country the respective values which belong to them as metals. The essence of money, as has been stated, is to give equal for equal, value for value. How can it be repudiated with credit by men who are carrying out a revolution in the name of reform? To build on an untruth is not the deed either of good statesmanship or good business. Again I ask of every bimetallist, why do you not, in preparing what you call the right system of currency, give to each of the two metals which you establish as legal tender the value which belongs to it in the bullion market? If an answer is refused, is it impossible to escape the suspicion of selfish motives or ignorance of the nature of money?

But whilst dissenting absolutely from the system of currency now proposed by the bimetallists, I am anxious to express my conviction that the use of silver in the money of the world is a matter of great importance. The numbers of mankind are rapidly increasing. Civilization is expanding in all directions, and is constantly calling for an enlargement of all the machinery required for ministering to its wants. That the need of much larger supplies of metallic money will steadily grow in urgency is incontestable. Gold alone would, almost certainly, be unable to meet the demand; its value might be very largely increased, to the utter confusion of investments and debts; silver would have to be called in to give help. I have not seen any other method for accomplishing this object, consistently with the nature and laws of sound money, except the plan suggested by Mr. Clarmont Daniell, in his pamphlet *Gold in the East*. He adopts one governing standard for all the world—gold. With this he associates silver as a second legal tender to any amount, but upon the express condition that its value in the bullion market should be ascertained from time to time, and the proportion which the silver coins shall bear to those of gold be determined and proclaimed by competent authorities. Silver would then stand in its true and just relation of value to that of gold in the national money, and it would be a matter of indifference whether payment of purchases or debts was made in gold or silver coins; and I may add that we are told that "from 1257, when

gold was first coined in England, to 1664, when the first guineas were struck, the rate at which gold should exchange for silver was fixed by proclamation from time to time!"

This plan of forming a double standard founded on sound monetary principles does not meet with the attention it deserves. It needs discussing before it can be said that it will work successfully. The false ratio of one to fifteen and one-half of gold to silver has been advocated and pushed forward by men of great ability, yet a system perfectly true in principle for obtaining the very object sought, a double standard of gold and silver, has received from them no notice whatever. Indeed, at the meeting of the International Monetary Association it was received with laughter, evidently on the supposition that the authority proposed by Mr. Daniell might put on silver any artificial value at its pleasure. It would have been well if the author of this merriment had taken the pains to understand what he was speaking about. It is a most fundamental element of Mr. Clarmont Daniell's plan, that the value assigned to silver in the coinage should be the very same as its value as metal in the market. Clearly that value would necessarily vary from time to time, because the value of silver as a commodity is subject to many variations, but that defect is inherent in the supply of the precious metals from the mines. To study Mr. Daniell's system, and to endeavor to procure from it some workable method of adjusting the coins of the currency to each other, would be a process far wiser than recklessly to clamor for a ratio of one to fifteen and one-half for gold and silver at the very time when they can be bought in the metal market in the proportion of one to eighteen.

## GOLD AND SILVER PRODUCTION FOR 1882.

The following is a copy of the annual statement of Wells, Fargo & Company, of precious metals produced in the States and Territories west of the Missouri River, including British Columbia (and receipts in San Francisco by express from the West Coast of Mexico) during 1882, which shows aggregate products as follows: gold, \$30,193,355; silver, \$50,155,288; copper, \$4,055,037; lead, \$8,008,155. The total gross result is, \$92,411,835.

California shows a decrease in gold of \$1,696,351. Nevada shows a total falling off of \$1,484,188; the yield from the Comstock being \$1,333,018, as against \$1,726,162 in 1881—a decrease of \$393,144. The product of Eureka District is \$3,176,656, as against \$4,127,265, in 1881—a decrease of \$953,609. Utah, Colorado, New Mexico and Arizona each show a notable increase on the products of last year.

The increase of transportation facilities for carrying bullion, pig metal, ores, etc., has increased the difficulty of verifying the reports of products from several important localities; and the general tendency is to exaggeration when the actual values are not obtainable from authentic sources, but the aggregate result as shown herein, may be regarded with reasonable confidence.

## GOLD AND SILVER PRODUCTS IN STATES AND TERRITORIES WEST OF THE MISSOURI RIVER, 1882.

<i>States and Territories.</i>	<i>Gold dust and bullion by express.</i>	<i>Gold dust and bullion by other conveyances.</i>	<i>Silver bullion by express.</i>	<i>Ores and base bullion by freight.</i>	<i>Total.</i>
California.....	\$ 14,733,643	\$ 736,682	\$ 509,342	\$ 352,831	\$ 16,332,498
Nevada.....	752,506	—	6,588,023	3,022,847	10,363,376
Oregon.....	431,024	215,512	—	—	646,536
Washington.....	93,892	46,946	—	—	140,838
Alaska.....	—	240,000	—	—	240,000
Idaho.....	1,091,208	191,568	882,890	1,160,072	3,325,738
Montana.....	2,150,000	215,000	4,065,000	1,574,000	8,004,000
Utah.....	76,954	6,201	3,139,020	4,921,000	8,143,175
Colorado.....	2,536,500	—	4,803,925	18,592,840	25,933,265
New Mexico.....	43,728	21,864	919,047	2,682,493	3,667,132
Texas.....	—	—	257,597	—	257,597
Arizona.....	386,517	100,000	5,631,083	3,180,667	9,298,267
Dakota.....	2,595,570	259,557	—	—	2,855,127
Mexico ( West Coast ).....	510,192	—	1,710,249	312,000	2,532,441
British Columbia.....	537,476	134,369	—	—	671,845
	\$ 25,939,210	\$ 2,167,699	\$ 28,506,176	\$ 35,798,750	\$ 92,411,835

The gross yield for 1882, shown above, segregated, is approximately as follows :

Gold.....	32 $\frac{1}{2}$ per cent.	...	Copper.....	4 $\frac{1}{16}$ per cent.	...	\$ 4,035,037
Silver.....	54 $\frac{1}{16}$ "	...	Lead.....	8 $\frac{1}{16}$ "	...	8,008,155
						\$ 92,411,835

## ANNUAL PRODUCTS OF LEAD, COPPER, SILVER AND GOLD IN THE STATES AND TERRITORIES WEST OF THE MISSOURI RIVER, 1870-1882.

Year.	Products as per W. F. & Co.'s statements, including amounts from British Columbia, and West Coast of Mexico.	Product after deducting amounts from British Columbia and West Coast of Mexico.	The net product of the States and Territories West of the Missouri River, ex- clusive of British Columbia and West Coast of Mexico, divided, is as follows:		
			Lead.	Copper.	Silver.
1870.....	\$ 54,000,000	\$ 52,150,000	\$ 1,080,000	—	\$ 17,320,000
1871.....	58,284,000	55,784,000	2,100,000	—	19,286,000
1872.....	62,236,959	60,351,824	2,250,000	—	19,924,429
1873.....	72,258,693	70,139,860	3,450,000	—	27,483,302
1874.....	74,401,045	71,965,610	3,800,000	—	29,699,122
1875.....	80,889,057	76,703,433	5,100,000	—	31,635,239
1876.....	90,875,173	87,219,859	5,040,000	—	39,292,924
1877.....	98,421,754	95,811,582	5,085,250	—	45,846,109
1878.....	81,154,622	78,276,167	3,452,000	—	37,248,137
1879.....	75,349,501	72,688,888	4,185,769	—	37,032,857
1880.....	80,167,936	77,232,512	5,742,390	\$ 898,000	38,033,055
1881.....	84,504,417	81,198,474	6,361,902	1,195,000	42,987,613
1882.....	92,411,835	89,207,549	8,008,155	4,055,037	48,133,039
					\$ 33,750,000
					34,398,000
					38,177,395
					39,206,558
					38,466,488
					39,968,194
					42,886,935
					44,880,223
					37,576,030
					31,470,262
					32,559,067
					30,653,959
					29,011,318

The exports of silver during the present year to Japan, China, India, the Straits, etc., have been as follows: From Southampton, \$27,390,000; from Venice, \$9,695,000; from Marseilles, \$806,000; from San Francisco, \$5,375,000. Total, \$43,266,000, as against \$27,000,000 from the same places in 1881.



## ARKANSAS STATE FINANCES.

The State Treasurer reports the bonded debt of Arkansas as follows :

Principal.....	\$ 2,523,700	..	Interest.....	\$ 2,554,992
				<hr/>
Total.....	\$ 5,078,692			

Of this amount \$2,406,983 represents old five or six-per-cent. bonds, with interest due from 1841 or 1842 to October 1, 1882. Of modern bonds the Treasurer enumerates only the sixes of 1869, the principal of which is stated to be \$776,500; the sixes of 1870, "exclusive of Holfords," with a principal of \$625,000; ten per cents. of 1874 at \$6200; and the Loughborough six-per-cent. thirty-year bonds of 1874-5 at \$412,000. This makes an acknowledged incumbrance of about four per cent. on the assessed valuation of the State, but is of very little interest, as the State takes no steps toward meeting this debt. The Treasurer does not even report his disbursements, as such a report, in his opinion, would be unintelligible. He remarks, innocently, that "a new appropriation book will have to be made."

The general fund income of the State Treasury during the two years ended September 30, 1882, including a balance on hand on October 1, 1880, amounting to \$76,818 in currency, and \$134,150 in State scrip, appears to have been \$937,590 in currency, and \$226,391 in State scrip, while the expenditure during the same period was \$842,919 in currency, leaving on hand a currency balance amounting to \$94,671. This seems to indicate a net revenue of about \$575,000 per annum. Besides this, the Treasurer reports the income of the school fund at \$81,031, and expenditures at \$70,753, beside a large amount in State scrip, of which he reissued \$263,619 in two years. On account of the sinking fund, he reports for the biennial period an income of \$799,786 in currency, and expenditures amounting to \$711,055. He reports as on hand on October 1, 1882, \$2,527,377.03, of which United States currency forms \$202,789.16, while the balance consists in Arkansas scrip, bonds, coupons, warrants, and certificates.

The Treasurer, however, says that he has redeemed and cancelled a considerable amount of ten per cent. bonds, and that the outstanding State scrip is but about \$50,000, thus placing the State "in better financial condition than at any time since 1860." He suggests that by 1885 the Legislature may consider "the propriety of providing for the liquidation and settlement of the just and legal debt of the State." It is this fact, perhaps, which has produced the quotation of Arkansas bonds at twenty. The Treasurer thinks that a further improvement will take place when the State of Arkansas becomes the heir of the Federal Government in taxing tobacco and liquors.

Nobody can learn from the report what is the real income of the State, what are its assets, or what might be its sinking fund. Its revenue seems to consist very largely in scrip and other paper of its own making. What of revenue is paid in legitimate currency, seems

to be swallowed by current expenses in conducting the State Government. What it needs just now is a Government which publishes truthful and intelligible reports.—*Boston Advertiser*.

---

## PURCHASE OF SILVER BULLION BY THE TREASURY.

From a recent number of the *Mining Record* is taken the following account of the purchases of silver bullion by the Government. Simple as the subject is, there has been a singular misstatement of the facts either designedly or through ignorance. In either case there is no excuse, because the truth could be so easily ascertained.

After the passage of the law re-establishing the dollar of 412½ grains silver nine-tenths fine, the then Director of the Mint, Doctor Linderman, on the 6th of March, 1878, with the approval of Secretary Sherman, issued an invitation for bids for silver bullion one thousand fine, the value thereof "to be determined by mint assay," and payment therefor to "be made in gold or silver coin of full legal tender." Under this circular, between its date and the 30th of September, 1878, as much as 17,925,709.99 ounces silver, one thousand fine, were bought at a cost to the Government of \$21,057,369.17, or 117.47 cents per ounce, of which barely \$7,671,792.95 was paid in gold, while the balance, \$13,384,576.22, was paid in standard dollars. On the 17th of October, 1878, another circular, this time signed directly by Secretary Sherman, called for bids for silver bullion to be paid for exclusively in standard dollars, and ever since that day every ounce of silver bullion that has been coined into standard dollars has either been paid for outright in standard dollars at the time of delivery, or in certificates or drafts payable in such dollars, together with a not inconsiderable amount of silver bullion derived from the operations of the several mints as refiners and parters of bullion. In other words, the Government, ever since early in 1878, has been purchasing the silver product of our mines at a fraction below the price of such bullion in the London market—and paying therefor in silver standard dollar at a valuation of from ten to eighteen per cent. above that market price. Under this system, during the fiscal year ended June 30th, 1882, the average price paid by our mints for the chief part of the silver coined was but 102.15 cents per standard ounce, this paid for in silver dollars at a valuation of the silver contained of 116¼ cents for each and every standard ounce, while for as much as 291,511 ounces only one dollar an ounce was paid.

---

COINAGE.—The presence of some recognition of God on American coinage was first suggested to the Director of the Mint twenty two years ago by a foreign missionary, who told him that he was perpetually being asked by Moslems if Americans did not worship the woman on their coins, and, if not, why they did not recognize their God, then.

## GUARANTY OF DEPOSIT IN BANK.

PENN. SUPREME COURT, MARCH 20, 1882.

*National Loan and Building Association v. Lichtenwalner.*

L held a certificate of deposit in a bank which was at the time practically insolvent and afterward assigned for the benefit of creditors. He transferred this for value to plaintiff indorsing on it the following: "I hereby guarantee the payment of the within certificates." By its charter the shareholders were individually liable to depositors in the bank. *Held*, that the indorsement constituted a contract of guaranty and that plaintiff was not compelled to resort to the shareholders of the bank in case the certificate was not paid, before bringing action against the plaintiff thereon.

Action upon a contract of guaranty. The facts were these: Defendant in April, 1877, held a certificate of deposit in the Franklin Savings Bank, which was past due, for \$500. For a valuable consideration he transferred the same to plaintiff, at the time of the transfer writing this indorsement thereon. "I herein guarantee the payment of the within certificate. April 24, 1877. Charles Lichtenwalner." The bank refused to pay this certificate although plaintiff made repeated demands, and in January, 1878, assigned for the benefit of creditors. It was practically insolvent in April, when the certificate was transferred to plaintiff. Nothing could at that time have been collected by execution. By its charter the shareholders of the bank were liable to the depositors in double the amount of the capital stock. The capital stock was 2500 shares of \$20 each, of which only \$5 or \$6 per share had been paid in.

At the trial the court instructed the jury, among other things, that in order to recover, plaintiff must show that it had exhausted all legal remedies against the bank, and that it had proceeded against the shareholders to enforce their individual liability to depositors.

Judgment was for defendant and plaintiff took a writ of error.

PAXSON, J. That this is a contract of guaranty is settled by abundant authority. *Bank v. Haynes*, 8 Pick. 423; *Curtis v. Brown*, 2 Barb. 55; *Isett v. Hoge*, 2 Watts 128; *Johnston v. Chapman*, 3 Penn. R. 18; *Hoffman v. Bechtel*, 2 P. F. S. 190; *Woods v. Sherman*, 21 id. 100. It is equally clear that such contract imposes upon the plaintiff the duty of exercising due diligence to enforce payment from the principal before resort can be had to the guarantor. *Campbell v. Baker*, Wright 243; *Reigart v. White*, 2 P. F. Smith 439; *Hoffman v. Bechtel*, id. 190. What is due diligence? There are many cases upon this point, and the general tenor of them appears to be that the contract for due diligence requires that a suit be brought within a reasonable time after the maturity of the claim, and be duly prosecuted to judgment and execution before an action can be sustained against the guarantor, unless it appears that such proceedings could have produced no beneficial results. *Brown v. Brooks*, 1 Casey 210; *Kirkpatrick v. White*, 5 id. 177; *Gilbert v. Henck*, 6 id. 209; *Overton v. Tracey*, 14 S. & R. 327. And it must vary with the circumstances of each case, hence it is a question for the jury. *Rudy v. Wolfe*, 16 S. & R.

79. It may be stated as a general rule sustained by the authorities that the prompt prosecution of the claim against the debtor to judgment, the issuing of an execution and a return of *nulla bona* would be at least *prima facie* evidence of his insolvency and of due diligence on the part of the creditor. So much was asserted in *Hoffman v. Bechtel*, a case much relied on by the present defendant in error, but the remark was qualified by the further suggestion that the suing out of process simply and letting it run its course might not be due diligence. We can readily understand how this may be the case. A return of *nulla bona* to an execution is *prima facie* evidence that the defendant has no goods. Yet it is not conclusive and is often untrue, while if true in point of fact the defendant may be the owner of valuable real estate.

Upon the trial below the learned judge negatived the plaintiff's second and third points, which was practically instructing the jury that it was not enough for the plaintiff to exhaust his remedies against the bank, but that he must proceed against stockholders to enforce their individual liability to depositors under the charter of the bank.

None of the authorities cited sustain this ruling. It may be, as was suggested in *Johnson v. Chapman*, *supra*, that where the creditor held a collateral security as a mortgage, due diligence would require that he should exhaust the collateral before coming upon the guarantor. We have no such question here. The creditor held no collateral. Under the charter of the bank the stockholders were liable to depositors in double the amount of the stock, but their liability is not that of sureties but is special and *sub modo* only. *Craig's Appeal*, 11 Norris 398. It is therefore secondary, not primary, collateral, and in the nature of a guaranty. Hence it does not accrue until the assets of the bank are exhausted. This bank had made an assignment for the benefit of its creditors. It is not necessary to consider the question whether the plaintiff could have sustained a suit against the stockholders in his own name without the intervention of the assignee, for the reason that as the liability of the stockholders was but secondary they could be sued only for the balance due to the plaintiff after the assets belonging to the bank had been distributed or at least ascertained. A creditor in order to hold a guarantor may be obliged to exhaust all the property and securities immediately within his grasp, even to such as may be held as collateral, but we do not think he is obliged to pursue every claim which his debtor may have, especially where such claim is contingent and uncertain and of a character to involve great delay and expense to the creditor.

The plaintiff's second and third points should have been affirmed. What has been said sufficiently covers the remaining assignments.

Judgment reversed, and a *venire facias de novo* awarded.

---

THE NEW NICKELS.—Treasurer Gilfillan will order no more of the new five-cent pieces until the Secretary of the Treasury has passed upon the question of their further issue. The point is now raised that these coins do not meet the requirements of law, in that their value is not designated on the reverse side. The impression is general that if the coinage of these pieces is not discontinued, they will at least be changed so as to comply with the law. The pieces are still being coined at the Philadelphia Mint and can be obtained in \$20 packages. No more will be put in circulation through the Sub-Treasury until all doubt in the matter has been set at rest.

## TITLE TO NEGOTIABLE INTEREST COUPONS.

MARYLAND COURT OF APPEALS, JULY 11, 1882.

*McKim vs. King.*

Where interest coupons payable to bearer on a day named are transferred after maturity, the holder takes no better title than the transferrer had, and if they were obtained by him by fraud or theft, no title passes against the lawful owner; and he can maintain trover against the holder for their conversion.

This was an action of trover by the appellees against the appellant, for the conversion of certain overdue interest coupons detached from the first mortgage bonds of the Western Maryland Railroad Company. It appeared at the trial that the coupons in question had been overdue for many years. The company had funded them some years since, and the period of that funding having expired, it was engaged in refunding all its overdue coupons for a further period of ten years. Tompkins, one of the plaintiffs, took the coupons to the office of the company, and there found John S. Harden, jr., an employee of the company, and inquired what was to be done with them. Mr. Harden stated that they were to be extended for ten years at six per cent.; that they should be left for examination, and would then be sent to the Safe Deposit and Trust Company, and that a certificate for them would be sent to the plaintiffs. The coupons were left with him. Tompkins had no intention to deliver the coupons to the company to be kept by it; the understanding was, that they were to be taken to the Safe Deposit and Trust Company. John S. Harden, jr., was in the employment of the company particularly, if not solely, for the purpose of conducting the refunding of its coupons. The coupons were not delivered to the Safe Deposit and Trust Company, but John S. Harden, jr., took them to the appellant, a banker, and borrowed money upon them. A demand for the coupons was made upon the appellant by the appellees before the institution of the suit. Prayers were offered on both sides, but their insertion is deemed unnecessary. The plaintiffs obtained a verdict and judgment, and the defendant appealed.

ROBINSON, J. Certain overdue coupons of the first mortgage bonds of the Western Maryland Railroad Company, belonging to the appellees, were delivered by them to John S. Harden, jr., a clerk in the office of said company, for the purpose of being refunded. These coupons were subsequently deposited by Harden with the appellants, as collateral security for a loan of money made by them to him.

The coupons were payable to bearer on a day named, and had been overdue for some time.

The main question in this appeal is, whether the appellants are entitled to hold the coupons thus deposited with them by Harden, as against the demand of the appellees.

By a series of decisions in both the Federal and State courts, coupons payable to bearer or order are treated as promissory notes, possessing all the incidents of negotiable paper, and as such entitling the holder to all the privileges and subjecting him to the liabilities of ordinary commercial paper, by the law-merchant. *Moran*

*v. Commissioners of Miami*, 2 Black. 722; *Gelpecke v. City of Dubuque*, 1 Wallace 175; *Thompson v. Lee County*, 3 Wall. 327; *Smith v. Sac County*, 11 id. 139; *County of Ray v. Vansycle*, 96 U. S. 675; *County of Bates v. Winters*, 97 id. 83; *Burrough Public Securities*, 581.

If passed before maturity, the holder thereby acquires a perfect title, without regard to the mode or manner by which such title was obtained by the transferrer, and unaffected by the equities attaching to them in the hands of the original parties. On the other hand, if they are transferred after maturity, the holder takes no better title than the transferrer had, and if they were obtained by him by fraud or theft no title passes against the lawful owner. *Burroughs Public Securities*, 581-3; *Jones Railroad Securities*, §§ 324, 5; *Evertson v. National Bank of Newport*, 66 N. Y. 14; *Fisher v. Leland*, 4 Cush. 456.

At one time it was doubted whether the mere fact that a negotiable note was overdue at the time of the transfer was in itself sufficient to affect the title of the holder, and whether it was not necessary that there should be something on the face of the paper, besides the day of payment, to show that it had been actually dishonored. This doubt was expressed by Lord Kenyon in *Brown v. Davies*, 3 T. R. 80, decided in 1789, but Ashurst and Buller, JJ., were of opinion that the mere fact of its being overdue at the time of the transfer was sufficient to affect the title, and that one taking a note under such circumstances takes it upon the credit of the transferrer. Subsequently, in *Boehm v. Sterling*, 7 T. R. 423, 430, Lord Kenyon gave his assent to the rule thus laid down, and it has never since been questioned.

We have found no case to support the appellant's contention, that like bank notes, a perfect title passes to the coupons by delivery both before and after maturity. Bank notes are issued for the purpose of indefinite circulation, while coupons although transferable like other commercial paper after maturity, subject to the rights of antecedent parties, their circulation, as money, is not the object for which they are issued.

In *Evertson v. National Bank of Newport*, 66 N. Y. 14, the coupons were purchased before the days of grace had expired, and the court held that the purchaser acquired a perfect title, because the coupons were entitled to days of grace allowable to commercial paper.

"It is only as negotiable commercial paper," says the court, "that the plaintiff, as a *bona fide* purchaser, could acquire a good title to the coupons from one having no title thereto; and he can only acquire such title by a purchase under the same circumstances that would give him a title to other commercial paper."

In *Vermilye v. Adams Express Co.*, 21 Wall. 139, it was held that bonds and treasury notes of the United States, payable to bearer at a definite time, were to be considered as negotiable paper, and their transferability is subject to the commercial law of other paper of that character; and if passed after maturity the title of the holder was subject to the rights of antecedent parties to the same extent as other paper bought after its maturity. Justice Miller in delivering the opinion of the court says: "Bankers, brokers and others cannot, as was attempted in this case, establish by proof or usage a custom in dealing in such paper, which in their own interest contravenes the established commercial law."

Finding no error in the rulings below, the judgment will be affirmed. Judgment affirmed.

## LEGAL MISCELLANY.

**WHEN DIRECTORS MAY TAKE SECURITY—PLEDGE—DELIVERY—FRAUDULENT PREFERENCE.**—The directors of a solvent corporation may pledge its securities to secure individual demands of directors and others, due and to accrue, for money loaned to it. The directors placed the company's policies of insurance in the hands of two of its directors, without any formal assignment, to secure loans made and to be made by such directors and others to the corporation; *held*, that there was a sufficient delivery to sustain the pledge. Where A, a bank which held stock in B, an insolvent corporation, and which was a representative in B's board of directors, took security from B for money due it from B, and for advances to be made by it on B's account, and thereafter made large advances on the faith of the security received, *held*, that A. was bound to account to unsecured creditors for the *pro rata* of the proceeds of such securities.—*Stout v. Yaeger Milling Co.*, U. S. Cir. Ct. East. Dis. Mo., Fed. Rep.

**NATIONAL BANK—ESTOPPEL—AUTHORITY OF PRESIDENT.**—Where the president of a National bank instructed its correspondent to charge up against the bank of which he was president the amount of a note given by him, in payment of such note, and an account was rendered showing the transaction, the bank was estopped from denying the correctness of the charge in an action by a receiver, subsequently appointed, seeking to set aside the transaction.—*Burton, Receiver, v. Burley*, U. S. Cir. Ct. North. Dis. Ill., Fed. Rep.

**JURISDICTION—OFFICERS AND RECEIVERS OF NATIONAL BANKS MAY SUE IN FEDERAL COURTS.**—A receiver of a National bank is an officer of the United States, and as such may sue in the Federal courts in the district in which such bank is located. By act of March 2, 1799, § 21 (U. S. R. S., § 2621) the collectors of customs are authorized, with the approbation of the Secretary of the Treasury, to employ proper persons as "weighers, gaugers, measurers and inspectors," and the courts have uniformly held that Congress, by such an enactment, was exercising its constitutional power of vesting by law in the head of a department the appointment of officers of the Government. *United States v. Sears*, 1 Gall. 221; *United States v. Bachelder*, 2 id. 15; *Sanford v. Boyd*, 2 Cranch, C. C. 78; *United States v. Barton*, Gilp. 439. Again by the Sub-Treasury Act of August 6, 1846, Congress empowered the President to nominate and appoint four Assistant Treasurers of the United States, one of whom was to be located at the city of Boston, in the State of Massachusetts. By the general appropriation act of July 23, 1866, such Assistant Treasurer was authorized to appoint, with the approbation of the Secretary of the Treasury, certain clerks in the office for the safe-keeping, transferring and disbursing the public moneys. It was held by the Supreme Court in *United States v. Hartwell*, 6 Wall. 385, that such clerks were officers of the United States, and were subject to all the penalties prescribed by the law against officers for the loaning to third persons any portion of the public moneys intrusted to them for safe-keeping. And it has been

expressly decided, in every instance where the question has been raised and discussed, that receivers appointed under the National-banking act are officers of the Government, and as such are entitled under the specific provisions of law to sue. See *Platt v. Beach*, 2 Ben. 303; *Stanton v. Wilkeson*, 8 id. 357; *Kennedy v. Gibson*, 8 Wall. 498; *Bank of Bethel v. Pahquioque Bank*, 14 id. 401. *Frelinghuysen v. Baldwin*. U. S. Dis. Ct. N. Jersey.

**LIABILITY OF STOCKHOLDER.**—To charge a holder of stock, issued for the purchase of property, individually for the debts of the company, it is not enough to prove that the property was purchased and paid for at an over-valuation through mistake or error of judgment on the part of the trustees, but bad faith and an intent to evade the statute must be shown. Where all the stock was issued for property under an agreement by which the vendor was to re-convey a portion of the stock to the corporation as working capital, *held*, that the question of good faith in the transaction was properly submitted to the jury.—*Lake Superior Iron Co. v. Drexel*, Ct. App. N. Y., N. Y. W. D.

**BOOK-KEEPER AND MANAGER NOT A SERVANT**—**LIABILITY OF STOCKHOLDERS TO SUCH.**—A book-keeper and general manager of a corporation, employed at a yearly salary, is not a servant within the meaning of sect. 18, Act of 1848 (N. Y.). That section only makes the stockholders liable for debts due to those employed who perform labor by the day, under the direction of a superior, for immediate or present support, and from whom the corporation does not expect credit.—*Wakefield v. Fargo*, Ct. App. N. Y., N. Y. W. D.

**NEGOTIABLE INSTRUMENTS**—**POSSESSION**—**PRESUMPTION OF OWNERSHIP**—**REBUTTAL.**—The possession of negotiable paper by an indorsee, whether past due or not, is *prima facie* presumptive evidence that he is the owner, and for value; and the burden of proof to rebut this presumption is upon him who alleges any defect in the title. But upon proof of fraud or illegality, the burden is shifted to the holder, and he must show that he received it *bona fide* for value.—*Pugh v. Grant*, Sup. Ct. N. C., Rep.

**ON PREMIUM ON UNITED STATES BONDS.**—The premium upon United States bonds is not assessable for taxation; the objection to such taxation is the same as that to the taxation of the bonds themselves; that is that the Federal government would be affected by such a burden in negotiating its loans.—*The People ex rel. Leonard v. Board of Commissioners*, Ct. of App. N. Y.

**CONSTITUTIONAL LAW**—**LICENSE TAX ON NATIONAL BANK**—**INJUNCTION.**—(1) A license tax imposed by city ordinance upon a National bank being a tax upon the operations of the bank, and a direct obstruction to the exercise of its corporate powers, is unconstitutional. *City of Pittsburgh v. First National B'k*, 55 Pa. St. 45; *McCulloch v. State of Maryland*, 4 Wheat. 316; *Osborn v. United States Bank*, 9 Wheat. 738. (2) But when the ordinance did not undertake to make the tax a lien, giving an action of debt only for its collection, *held*, that the bank was not entitled to equitable relief by injunction. See *Dows v. Chicago*, 11 Wall. 108; *Hannawinkle v. Georgetown*, 15 id. 547; *State Railroad Tax Case*, 92 U. S. 575; see also note to case at bar. 13 Fed. Rep. 433. U. S. Dist. Ct., W. D. Pennsylvania, October, 1882. *Second National Bank of Titusville v. Caldwell*, 13 Fed. Rep. 429.



## CURRENT EVENTS AND COMMENTS.

*EVIL OF LARGE FARMS.*

It is asserted that California will eventually suffer serious injury in her agricultural interests because of the immense tracts of land which are held by single owners. Large land holdings are a disadvantage to any country, and have been the curse of Great Britain. We do not feel it here because of the great amount of our public domain that remains untenanted, but the time will come when some of the States, and California particularly, will suffer from this cause. A recent article in a newspaper of that State gives a list of some of the large farms and the number of acres they contain. Among them are the following: Dan Murphy, of Santa Clara, 1,600,000 acres; Haggin & Carr, 300,000 acres; Miller & Lux, 600,000 acres; General Beale, 200,000 acres; H. M. Newhall, 48,000 acres; Lankershim & Co., 56,000 acres; B. F. & G. K. Porter, 36,000 acres; J. & L. Bixbey, 30,000 acres; J. Irvine, 48,000 acres; John G. Downey, 75,000 acres; I. W. Hellman, 25,000 acres; Richard Gird, 30,000 acres; James S. Flood, 137,000 acres; Thomas R. Bard, 50,000 acres; D. Freeman, 50,000 acres.

*NEVADA SILVER MINES.*

Because the excitement once incident to mining speculation on the Pacific side of the continent seems to have died out, it does not follow that mining interests and the development of mineral wealth are to suffer in the end. The wonderful wealth of the Nevada silver veins did for a time set people nearly crazy over stocks, but now they realize that it is to mines, and not stocks, they must look—work, and not manipulate. The thirteen Washoe mines have paid in all \$116,388,300 in dividends. They have levied assessments amounting to \$53,066,925. They have paid to the stockholders, therefore, \$63,321,375 more than they have collected from them. This is a most enchanting exhibit, taken by itself, but of these assessments more than \$27,000,000 has been levied in the past four years, and of the thirteen Washoe mines eight have not paid a dividend since 1871, while seven of them have levied assessments exceeding the dividends by \$13,843,300. The signs of improvement noticeable in the record of the Comstock lode are a steady decrease in the assessments for the past four years. Only two of the Washoes have paid a dividend since 1879, and only three since 1876. In all, forty-five mines levied assessments in 1882. The number in 1881 was fifty-four, against sixty-one in 1880, and eighty-one in 1879. Of all the Nevada mines only seven declared dividends in 1882. It is not surprising, therefore, that public confidence in mining management is seriously impaired and the investment of capital turned to other fields.

*RUTLAND MARBLE QUARRIES*

The quarries and mills at Rutland constitute the largest marble market in the world, and this, with the lumber, scale, and organ industries, has added much to the material interests of Vermont during the year 1882. Vermont produces more marble than any

country in the world, or any other State in the Union. The amount of marble quarried, sawed, finished, and sold in 1882 by the Rutland dealers and companies was 5,000,000 two-inch feet, or about 1,000,000 cubic feet. The average price received per two-inch foot was forty cents, or an aggregate sum of \$2,000,000 for the year's product. To quarry and finish this amount of marble required the services of over 2000 men. The total pay rolls for labor in the various quarries and mills for 1882 approximated the sum of \$750,000. In addition to this the marble companies paid out nearly \$300,000 for supplies used in operating their works, making over \$1,000,000 paid out in Rutland during the year by the marble interest.

#### LOSSES BY FIRE.

The aggregate value of property in Europe and this country destroyed annually by fire seems to reach four hundred million dollars, and all experiments in Government insurance against fire losses have been a failure. The *St. James's Gazette*, of London, publishes the following tables of losses for the year:

	Premium paid.	Loss by fire.	Loss per inhabitant.
United Kingdom..	\$ 34,500,000	.. \$ 45,600,000	.. \$ 1 29
Germany:.....	33,000,000	.. 31,000,000	.. 43
France.....	18,850,000	.. 16,000,000	.. 68
Russia.....	4,500,000	.. 105,000,000	.. 1 25
United States.....	58,000,000	.. 15,000,000	.. 2 25
Canada.....	7,750,000	.. 20,000,000	.. 4 54

The value of all ships and cargoes lost at sea is about one-third of the loss caused by fire on land. Yet shipwrecks are relatively diminishing, while fires increase at a ratio which makes fire insurance on established precedents a questionable venture. England is said to burn up every year three days' labor, and we do worse.

#### NEW DISCOVERIES OF INDIA RUBBER.

Two species of india-rubber-yielding trees have recently been discovered in British Guiana of a character which insures their future profit to the colony. One is a near ally of the para rubber tree, and is known to the aborigines of the country by the name of *Hatie*, its botanical name being *Hevea spruceana*. It is about sixty feet high, with a trunk diameter of twenty inches, and is found on the alluvial, oft-flooded land of the creeks and banks of the lower parts of the rivers, where in places it is abundant. The second is not scientifically known yet, as flowering specimens of it have not yet been obtained. It is one of the largest trees of a forest flora peculiarly rich in large types. The trunk is four or five feet in diameter, and runs up straight sixty or seventy feet unbranched, above which the head extends many feet more. On its discovery recently a few branchlets could only be obtained by shooting them off with large shot. The bark is thick and wonderfully rich in milk of excellent quality, and the elasticity and tenacity of the rubber seems to be unsurpassed. It is scattered in individual trees over a wide area of the colony. The produce of these trees has not been put in the market yet, collectors apparently being unacquainted with them. Samples, however, have been sent to England to be valued. The discovery of these was made by Mr. G. S. Jenman, Government Botanist, during an exploration which he lately made in British Guiana.

## THE PUBLIC DEBT OF THE UNITED STATES.

CHANGES DURING THE LAST EIGHT MONTHS.

## INTEREST-BEARING DEBT.

	July 1.	August 1.	September 1.	October 1.	November 1.	December 1.	January 1.	February 1.
Bonds at six per cent.....	\$ 98,957,150 .	\$ 47,807,100 .	\$ 34,755,400 .	\$ 3,603,300 .	—	—	—	—
Bonds at five per cent.....	401,503,700 .	401,803,900 .	401,406,900 .	177,063,900 .	\$ 155,336,330 .	\$ 134,317,700 .	\$ 99,326,200 .	\$ 81,326,750 .
Bonds at four and a half per cent.....	250,000,000 .	250,000,000 .	250,000,000 .	250,000,000 .	250,000,000 .	250,000,000 .	250,000,000 .	250,000,000 .
Bonds at four per cent.....	738,884,300 .	738,807,750 .	738,909,390 .	738,916,250 .	738,939,600 .	738,940,700 .	738,930,550 .	738,967,800 .
Bonds at three per cent.....	—	—	—	237,323,300 .	259,370,900 .	280,394,750 .	280,563,950 .	291,444,390 .
Refunding certificates.....	465,030 .	452,750 .	442,100 .	435,800 .	423,750 .	413,650 .	404,750 .	389,150 .
Navy pension fund.....	14,000,000 .	14,000,000 .	14,000,000 .	14,000,000 .	14,000,000 .	14,000,000 .	14,000,000 .	14,000,000 .
Total principal.....	\$ 1,463,810,400 .	\$ 1,452,661,900 .	\$ 1,437,603,750 .	\$ 1,421,341,350 .	\$ 1,418,080,300 .	\$ 1,418,066,800 .	\$ 1,392,245,450 .	\$ 1,376,136,050 .
" interest.....	13,350,008 .	10,365,807 .	11,098,695 .	12,219,712 .	10,040,211 .	10,653,308 .	12,067,188 .	9,705,150 .

## DEBT BEARING NO INTEREST.

Old demand & legal-tender notes	\$ 346,740,711 .	\$ 346,740,711 .	\$ 346,740,611 .	\$ 346,740,901 .	\$ 346,740,396 .	\$ 346,740,346 .	\$ 346,740,311 .	\$ 346,740,266 .
Certificates of deposit.....	13,330,000 .	12,750,000 .	12,000,000 .	10,970,000 .	9,945,000 .	9,845,000 .	9,585,000 .	12,490,000 .
Gold and silver certificates.....	71,133,830 .	72,137,150 .	74,432,250 .	76,476,650 .	99,068,150 .	108,504,200 .	137,468,500 .	145,582,410 .
Fractional currency.....	7,047,247 .	7,046,469 .	7,032,656 .	7,028,078 .	7,026,185 .	7,022,614 .	7,022,074 .	7,018,093 .
Total principal.....	\$ 438,241,788 .	\$ 438,654,330 .	\$ 440,204,927 .	\$ 440,915,229 .	\$ 465,679,731 .	\$ 472,112,160 .	\$ 500,815,885 .	\$ 511,770,769 .
Unclaimed Pacific R. R. Int.	5,726 .	5,726 .	5,339 .	5,339 .	5,339 .	5,339 .	5,339 .	4,819 .
Total Debt, principal.....	\$ 1,918,312,994 .	\$ 1,905,225,546 .	\$ 1,890,281,403 .	\$ 1,878,216,205 .	\$ 1,893,348,877 .	\$ 1,899,724,015 .	\$ 1,907,948,350 .	\$ 1,909,532,534 .
" " interest.....	13,890,986 .	10,956,918 .	11,605,287 .	12,740,083 .	10,528,365 .	11,100,058 .	12,519,342 .	10,158,590 .
Total.....	\$ 1,932,203,980 .	\$ 1,916,182,464 .	\$ 1,901,886,690 .	\$ 1,890,956,288 .	\$ 1,903,877,242 .	\$ 1,910,824,073 .	\$ 1,920,467,693 .	\$ 1,919,692,424 .
Total cash in the Treasury.....	243,290,519 .	241,008,031 .	242,060,518 .	246,856,064 .	275,386,100 .	287,867,173 .	312,924,016 .	318,785,631 .
Debt, less cash.....	\$ 1,688,913,460 .	\$ 1,675,054,433 .	\$ 1,659,826,171 .	\$ 1,644,100,223 .	\$ 1,625,491,042 .	\$ 1,622,956,899 .	\$ 1,607,543,676 .	\$ 1,599,906,792 .
Cash balance available.....	140,604,474 .	139,427,072 .	141,060,511 .	141,682,415 .	151,144,217 .	157,887,476 .	149,037,773 .	143,238,218 .

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. RIGHT OF DRAWER TO CHANGE PAYEE OF CHECK.

Suppose John Smith, Cashier, draws a draft payable on the face to Jim Jones or order, and before delivery to him decides to make it payable to John Hancock. He therefore indorses it to the latter person.

Can Hancock cash it without Jones's indorsement, or would it be necessary to erase Jones's name, or could Jones, if the draft should fall into his hands, cash it without Hancock's indorsement?

REPLY.—It was remarked by Judge Strong in the case of *Cook v. Kelsey*, 19 N. Y. p. 415, "that in contracts and other private instruments, all that is written and executed at the same time and upon the same subject matter and by the same parties, is considered as one document, whether it be in one continuous body, or in distinct and separate parts." In *Blake v. Coleman*, 22 Wis. 415, an action was brought on a promissory note, which when produced in evidence had endorsed thereon a condition that the payee or bearer was "not to expect payment" until certain property of the maker "was sold for a fair price." It was decided that it might be shown by parol that the indorsement was on the note at the time it was signed, and such being the case, it became a part of it and turned the instrument into an agreement. So in an early English case, that of *Hartley v. Wilkinson*, 4 Camp. 126, which was an action on a note containing an indorsement stating the conditions on which the note was given, Lord Ellenborough held that as the indorsement had been written before the note was signed it must be taken to be proof of it. The case of *Leeds v. Lancashire*, 2 Camp. 205, maintains a similar doctrine.

*Daniel* also has remarked that an indorsement on the back of a bill or note might be material as a part of it, as its construction is to be gathered from every source of information which an inspection of it supplies. And it may be shown by evidence that an indorsement annexing a condition to the payment was on the instrument when delivered, in which case it would be deemed a material part of it. *Neg. Inst.*, § 1396, 3d ed.

From these authorities, therefore, it is clear, that the indorsement of the maker, made before the delivery of the draft, is to be considered a part of the original contract. Hence the draft may be properly regarded as having been made payable to John Hancock, and any subsequent negotiation of it must be effected by him, and can be by no one else.

## II. ELECTION OF DIRECTORS.

At an election of Directors by stockholders in a bank, ten votes were cast for A, two were cast for B, and two for C. One person voted a proxy for two persons, not present. It was discovered after returns had been sent to Washington, to the Comptroller, that the two proxies (or powers of attorney) had not been handed to the judges of election. These two votes were for A, who had a sufficient number for a choice without counting these two.

Was the election legal or illegal?

REPLY.—The election was unquestionably legal. *Moranets on Private Corporations* lays down the rule correctly, that in order to set aside an election on account of the invalidity of votes cast, it must appear affirmatively that if the illegal votes had not been counted the successful ticket would not have received a majority. § 362. See *Angell and Ames on Corporations*, § 136, 11th ed. In *Ex parte Murphy*, 7 Cowen 153, the court said: "To warrant setting aside the election, it must appear affirmatively that the successful ticket received a number of improper votes, which, if rejected, would have brought it down to a minority. The mere circumstance that improper votes are received will not vitiate an election." One of the most important cases we have examined relating to this question is that of *McNulty v. Woodruff*, 1 Green, N. J. 352. In this case it was held that though in the election of Directors, illegal votes may have been admitted and legal votes rejected, yet if a majority of legal votes still appeared for those who were returned, the election was established. These authorities strongly sustain the validity of the election in question.

### III. PROXY VOTES FOR DIRECTORS.

At an election of Directors there were twenty-five votes cast. A had eighteen and B had seven. Six of the eighteen votes were cast by the Vice-President as proxy for other stockholders. The Vice-President could not do this legally. (See Bank Act, section 5144.)

Does this make the election illegal when the result would have been the same, if the votes cast by the Vice-President had been thrown out by the judges of election?

REPLY.—It does not. Had these been thrown out A would have had a majority, and was, therefore, legally elected. The authorities cited in reply to the foregoing inquiry fully sustain this position.

### IV. INDORSEMENT OF CHECK.

If a check is made payable to "C. W. or F. & H. or order" is there any doubt about the fact that either of the two can indorse it and enforce payment?

REPLY.—None whatever. Says *Daniel* "if a bill is addressed to two persons, 'or either of them,' acceptance by either is a sufficient compliance with its mandate." *Neg. Inst.*, § 488, 3d ed.

INTERNAL REVENUE STAMPS.—Last June Commissioner Raum asked that an inventory of the revenue stamps on hand in his bureau be taken, and that an examination of the records of the receipts and sales be made. The work has been performed, and the result will form a part of his forthcoming annual report. The printing of revenue stamps was begun by the Bureau of Engraving and Printing in 1877, the work having previously been performed by the bank-note companies. Since that time there have been delivered to the Internal Revenue Bureau more than 2,544,000,000 stamps. The bureau has sold more than 2,381,000,000 stamps. The inventory of stamps on hand discloses the fact that not one single stamp is missing. Incidental to the examination, there is a fact which is equally creditable to the Post-Office Department. The stamps, which the bureau has sold have all been sent away by registered mail. Not a single package has been lost during the entire time; one or two packages have gone astray, but they have been traced up with but little delay.

## BANKING AND FINANCIAL ITEMS.

**NEW LAW FOR BANKERS.**—An important case to bankers has been tried in the Superior Court of New York before Judge Sedgwick and a jury. The suit was for the value of two Ohio and Mississippi coupon bonds. The Northampton Bank sued A. M. Kidder & Co., the admittedly innocent possessors of the two bonds which were stolen in the great robbery where the burglars got about \$2,000,000. Stockbrokers generally have claimed, and the Stock Exchange is understood to have ruled, that there is no disputing the title of the later holder in good faith of such bonds, even though they had been stolen. Peckham and Tyler, the bank's attorneys, claimed that a default in the payments to the sinking fund and a default in the payments of interest made those bonds no longer negotiable bonds and that the original holder, the bank, could recover against anybody found in possession. The court ruled substantially so and ordered a verdict for the plaintiff. This is a test case which affects the status of many bonds stolen from the Northampton Bank and later purchased by different bankers.

**ALTERATION OF DATE A FORGERY.**—On Thursday, April 20, 1882, Mr. Geo. Crawford, of New York, expecting to be away on the following Saturday, made out a check for \$700, dating it two days ahead, and gave it to his bookkeeper, a man named Morgan, telling him to draw the money on it and pay his (Crawford's) employees if he had not returned on Saturday. On Friday, April 21, Morgan altered the date of the check, presented it at the West Side Bank, obtained the money on it, and ran away. Mr. Crawford sued the bank for \$700 on the ground that it must bear the loss of the \$700 because it had paid a forged check. The suit was tried before Judge Arnoux, in Superior Court, Special Term, who gave judgment for the bank, holding that the forgery was not one on which it could be held liable for the loss of the money paid on the check. On February 5th the General Term reversed this judgment, holding that the bank was liable because, as the date was an essential part of the check, it was incumbent upon the bank to discover that it had been changed, and to ascertain why the change was made before paying the money.

**THE VALIDITY OF CERTAIN BONDS.**—Selah C. Carl deposited in the Bank of the Metropolis some United States registered bonds which had the name of the payee erased and his own substituted. He was accused of having had knowledge that the bonds had been so altered and an indictment against him was found under section 5431 of the Federal Revised Statutes. The case was tried in the United States Circuit Court, in this city, and Carl was convicted. A motion for an arrest of judgment and a new trial was denied by the court in banc, and Carl was sentenced to fifteen years' imprisonment at hard labor in the Erie County Penitentiary. His counsel, ex-Judge A. J. Dittenhoefer, then applied to the United States Supreme Court for a writ of habeas corpus, whereby he sought to have the judgment of the court below set aside as unauthorized, and although the higher tribunal denied the application, it did not pass upon an interesting legal point which Mr. Dittenhoefer raised and which is worth stating. The bonds, it seems, were issued under the act of July 14, 1870, as amended by that of January 20, 1871. By these enactments the Secretary of the Treasury was authorized to issue certain coupon or registered bonds. The bonds with which Carl had to do were of that issue, but were signed by the Register of the Treasury. Mr. Dittenhoefer contended that they had not been lawfully issued, inasmuch as the only officer empowered to

sign was the Secretary of the Treasury. The Secretary not having power to delegate another to sign for him, the bonds were a nullity. In support of this position, Mr. Dittenhoefer especially called attention to the significant fact that in all acts previous to that of 1870 providing for the issue of bonds the Secretary of the Treasury was directed to issue them, "but, unlike the act of 1870, the previous acts uniformly designated, when it was so intended that some other officer should sign the bond, either solely or in connection with the Secretary of the Treasury." As many millions of bonds were issued under the act of 1870, the question of their validity under the circumstance becomes important, even though any defect might be remedied by appropriate legislation.

THE AMERICAN EXCHANGE IN EUROPE (Limited) has declared its fifth dividend for the half year ending December 30, 1882, at 6 per cent. per annum, payable at the offices of the Company in New York and in London on the first day of March.

An increase of the capital of this Company to \$5,000,000 was agreed upon by the shareholders about two months since; the first issue of the new stock being subscribed for as soon as authorized. The success of this undertaking, both as a rendezvous for Americans traveling in the Old World and as a representative American institution in London, has been very gratifying to its many friends. The President, Senator Hawley, and his associates in the Board, are to be congratulated upon this result, which is largely due to the energy and tact of Mr. H. F. Gillig, the founder and General Manager of the institution.

DETROIT.—A temporary Clearing House has been in operation during the month of February, as an experiment by the banks and bankers of Detroit. It has worked so satisfactorily that a committee has been appointed to effect a permanent organization. Seventeen banks have been represented.

NEWTON BANK.—About sixteen years ago a Boston banking firm, Mellen, Ward & Co., were trying to make a corner on certain copper stocks. To carry out their designs they secured the co-operation of Julius F. Hartwell, disbursing clerk in the Boston Sub-Treasury, and through him obtained \$1,250,000 belonging to the United States Government. Finally Hartwell informed Edward Carter, his confederate, that there was to be a count of the funds in the Sub-Treasury on February 28, 1867, at which the embezzlement would be discovered. Carter was a director in the Newton National Bank, and he induced the cashier to place in his hands the funds and securities of the bank to the amount of \$371,000. The bank failed, and for several years the stockholders have endeavored to secure a return of the money, on the ground that the Government was a receiver of stolen funds. At a meeting of the stockholders of the Newton Bank, on February 26, they were informed that the total sum of \$371,000 had been recovered from the Government.

ST. LOUIS.—PATHETIC PLEA FOR MERCY.—Oby E. Owen, the defaulting teller of the Third National Bank, of St. Louis, pleaded guilty in the United States Court on February 8th, and craved the mercy of Judge Treat. He presented a long statement, acknowledging that his stealings had been long carried on, and that the money was all lost in speculation. He concluded as follows: "I desire to reassert most emphatically that there never was any person associated in any manner with my acts in defrauding the bank, nor was there one of the officers or attachés of the bank in any way cognizant of my business risks, my investments, my troubles, or who ever entertained a suspicion of my honesty until the time of final discovery. I deem it well to say this much in justice to all. My burden is a heavy one. The record of my life has been, up to this fatal involvement, honorable. Its surroundings had been prosperous and happy. The blight as it affects me is deserving. The pity is for those who are attached to me by ties of blood, who suffer so intensely, though innocent. For their sake, though looking into the gloom of years of disgrace and misery, I hope to receive some kindly consideration at your hands, and in the future I yet hope for a privilege to regain an opportunity to at least earn bread for those I have brought into the world."

The embezzlement footed up \$203,000. The bank has recovered about \$10,000 in cash and \$20,000 in real estate. Suits will be entered against bondsmen on three bonds of \$30,000 each. Owen's investments were in lard, cotton, and wheat, and he even invested sums of money in lottery tickets. A considerable amount of the cash recovered was from brokers, in cases where margins had been placed by him. Sentence was deferred until some pending attachment suits are first disposed of. Owen was taken back to jail, where he has become a physical wreck.

**BANK DIRECTORS SUED.**—J. Warren Ackerman, of Scotch Plains, N. J., and late of Newark, has filed a bill in chancery at the clerk's office, against Joseph A. Halsey, president of the Mechanics' National Bank, of Newark, which suspended on October 31, 1881, and the other directors of the institution. Receiver Frelinghuysen is also a party to the suit as a defendant, to comply with the forms of law. Mr. Ackerman sues in his own behalf and for such other depositors and stockholders of the Mechanics' Bank as may choose to join him, to recover damages for loss caused by the failure of the bank. The bill of complaint alleges that the defendants neglected their duties. Details are given to show that the directors might have detected the frauds, one item, in which the sum of \$600,000 was charged against Fisk & Hatch, of New York, being referred to as an exceptionally-plain false entry. It is further charged that at least one of the directors knew of the frauds two years before the failure. The suit of Mr. Ackerman, who is one of the wealthiest of the bank's shareholders and depositors, is of special interest, since it has been brought in a State Court, when all cases connected with National banks are usually submitted to the United States Courts.

**TENNESSEE.**—Governor Bate, in his message read before the Legislature, says that the payment of interest on bonds funded under the sixty and six act, together with the late defalcation, has left the treasury comparatively empty. He maintains that none of the five funding acts grew out of the expression of the popular will, nor were they acquiesced in by the people after their passage. The people, seeing the constant and systematic efforts to foist upon them laws touching the State debt, and witnessing the schemes and practices of corrupt speculators and lobbyists who were preying upon the crippled credit of Tennessee, took the matter into their own hands, and for the first time expressed their will through the ballot-box last November to tender terms of settlement to their creditors which every disinterested or right-thinking man must regard as just to all concerned. The Governor reviews at length the history of the creation of the debts, and states that \$14,000,000 of bonds were issued to railroads immediately after the war, when a majority of the citizens were disfranchised, and it is a part of the published history in connection with the issuance of these bonds that purchasers were put upon their guard. Previous investigations show that many bonds were issued wrongfully. The devastation of war, usurpation and misrule of State Government, the tardy recuperation therefrom, and the doubtful authority of the State Governments, which issued certain of these bonds, have been recognized and acted on by the holders of other Southern securities, as just and equitable reasons for an abatement of the amount of the debt; and the Governor doubts if any Southern State has settled this class of indebtedness upon more liberal terms than those proposed by Tennessee. He therefore suggests the tender of a settlement of the State debt properly in full, less the war interest, at the same interest as that of the original bonds; also, of those held by educational and charitable institutions and the twenty-nine bonds of Mrs. Polk. He suggests that the remainder or "contingent debt" be settled at fifty cents on a dollar, principal and interest, and to bear interest at three per cent.

**MEXICAN TREASURY.**—The receipts of the Mexican Treasury, which a few years ago never exceeded \$19,000,000 per annum, amounted to \$22,000,000 for the year ending June 30, 1880, to \$23,000,000 for 1881, and to \$27,500,000 for the fiscal year ending June 30, 1882. This increase of \$4,500,000 is no movement attributable to any augmentation of taxes, but to the advent of American enterprise in that country.



**POSTAL FACILITIES FOR RUSSIAN BANKERS.**—The Russian post office will insure the safe delivery of any letter for one-eighth of one per cent. of the declared value of the enclosure. This safeguard is commonly employed by bankers and other persons desiring to transmit bank notes and negotiable securities. Such perfect confidence is felt in the safe delivery of insured letters that many persons have hitherto taken the infinitesimal risk of sending a large sum while paying insurance on only a small one, thus cheating the Government to their own advantage. The officials have seldom thought it worth while to verify the contents of insured letters, but their attention having been attracted by the smallness of the values regularly declared by a certain firm of bankers in St. Petersburg, they opened a letter insured for 1,600 roubles and found it to contain 120,000 roubles. The law is that in case of a false valuation the entire enclosure shall be forfeited, and in this instance their dishonest economy cost the bankers about £80,000.

**GOLD PRODUCTION.**—Prof. F. von Briesen, a German scientist, after speaking of the decrease in the production of gold in Europe, says: "The greatest quantity of gold has of late years been mined in America, partly due to its natural wealth, partly to the energy brought to bear for obtaining it. Volcanic forces have brought gold as well as silver to the surface in the Rocky Mountains, but its exhaustion is approaching rapidly. Montana in 1866 produced \$18,000,000, while to-day its yield is \$2,500,000; Idaho, from 1864 to 1871, yielded from \$5,000,000 to 7,000,000, which in the year 1880 had decreased to \$1,510,546; Oregon and Washington Territory yielded in the year 1868 \$4,000,000, in 1879 not more than \$1,275,000; Dakota has increased a little, and produced \$2,420,000 in 1879; Colorado has an average yield of \$3,000,000; California has passed through the several stages of a gold-producing country; the washing of the river sands after 1848 produced immense wealth, while at present only the Chinese are engaged in it, and earn a bare living. The gold on the surface is exhausted, and only the deep deposits and the veins remain to be worked."

**ONE-POUND NOTES.**—Mr. W. Fowler, M. P., read a paper on "The Circulation of Notes under £5" at a recent meeting of the Institute of Bankers, at the London Institute, Finsbury Circus. When he came to treat of the great loss by attrition of the gold coinage, he observed that it was far more easy to maintain the value of paper, duly secured, than of coin, which was being perpetually worn away. He should propose to deal with notes under £5 exactly as we now dealt with those of £5 and upwards. The probable minimum issue of £1 notes would depend on two points—first, on how much was now issued in the form of sovereigns; and, secondly, on how far sovereigns would drop out of use were small notes issued. The best authorities put the gold coin in circulation at the present moment at from 100 millions to 120 millions. He thought we should circulate at least thirty millions of £1 notes at all times, and that we might safely issue twenty-five millions of such notes on securities, leaving any further amount to be issued on coin or bullion. He concluded by expressing a belief that the issue of fully-secured £1 notes would be an important convenience to the vast majority of the people.

**AFRICAN GOLD FIELDS.**—Fresh encouragement is offered to explorers in the West African Gold Fields by the exhibition of a sample of the gold derivable from this comparatively unworked region. It consists of a wedge-shaped bar about 10 in. long, valued at between £160 and £170, received by the Gold Coast Company (Limited) and recently exhibited in the Liverpool Exchange News-room, where it has excited considerable interest. It is of remarkably pure quality. Gold has long been believed to exist in considerable quantities in that region, which requires only suitable appliances for its profitable working. This is the first shipment this company has received, but the directors are informed by their manager that remittances of bullion will now be made regularly.

**OBITUARY.**

EX-GOVERNOR EDWIN D. MORGAN, who died on the 14th of February, had long been known as one of the most prominent bankers in the country, though perhaps still more widely known in the field of politics. He was born in Berkshire county, Mass., on February 8, 1811, and established himself in the grocery and commission business in New York in 1836. In 1858 he was elected Governor of New York, and in 1860 was re-elected by a large majority. Having declined a re-nomination for Governor, Mr. Morgan was elected a United States Senator from this State in 1863 for the term ending in 1869. When Mr. Fessenden retired from the office of Secretary of the Treasury in February, 1865, President Lincoln tendered the place to Mr. Morgan, who declined the nomination. On October 24, 1881, he was once more nominated for Secretary of the Treasury, but again declined to accept the position, on the ground of his advanced years and the condition of his health.

He was long prominent as a director of the Western Union Telegraph Company, being a member of its Executive Committee. He also served as a director of the National Bank of Commerce, the United States Trust Company, the Erie Railroad and other institutions.

SAMUEL WILLETS, one of the best known and most respected of the old merchants of this city, died on the 6th of February. He was a native of Westbury, Long Island, where he was born in June, 1795. Mr. Willets came to this city when a lad, and with his brothers, when he had reached his majority, entered into the hardware business. For over half a century he was actively engaged in business life, and was for many years one of the most prominent commission men of the past. Mr. Willets was largely interested in banking and insurance interests of the city, and was one of the original directors of the American Exchange National Bank, a position he held at the time of his death. He was for a short time president of the bank. He was actively engaged in many charitable enterprises, and left munificent bequests to them by his will.

JOHN C. MASON, president of the Central National Bank of Worcester, Mass., who died on the 19th of February, had served long and faithfully as a bank officer. He was elected a director of the Central Bank in 1851, and president of the same in 1858, holding the office until his death. He was also the first president of the People's Savings Bank of Worcester, which was incorporated in 1864, and held that office until he resigned, in 1877, since which time he has been its first vice-president. For many years he was a trustee of the Worcester County Institution for Savings. At a special meeting of the board of directors of the Central National Bank, resolutions were passed expressing their high respect and appreciation of Mr. Mason's character and abilities.

GABRIEL BISHOP, cashier of the Cuba National Bank, died on the 12th of February. A special meeting of the board of directors was held at which it was declared of Mr. Bishop that he "for more than fifteen years well and honestly discharged the duties of cashier of this bank, and by his uniform urbanity and kindness, won the esteem and affection of the officers, directors and stockholders of this bank and the good will of its patrons. The example he has left us of long faithfulness and careful attention to the trust reposed in him, is well worthy of our imitation, and we can justly say of him the highest praise that can be given to mortal, HE WAS FAITHFUL."

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from February No., page 642.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2869	Fultonville National Bank..... Fultonville, N. Y.	John H. Starin, Lorenzo V. Peck.	\$50,000
2870	Detroit National Bank..... Detroit, MICH.	Henry P. Baldwin, C. M. Davison.	1,000,000
2871	First National Bank..... Central City, NEB.	Joseph N. Osterlind, .....	50,000
2872	Central National Bank..... Cambridge, OHIO.	Andrew J. Hutchinson, W. E. Boden.	60,000
2873	National Bank of Troy..... Troy, N. Y.	Thomas Coleman, George H. Morrison.	200,000
2874	City National Bank..... Dayton, OHIO.	Simon Gebhart, G. B. Harman.	200,000
2875	Freeport National Bank..... Freeport, ILL.	O. B. Bidwell, A. H. Barshinger.	120,000
2876	First National Bank..... Yakima, WASH'N.	Joseph R. Lewis, Edward Whitson.	50,000
2877	National Bank of Oshkosh..... Oshkosh, WIS.	S. M. Hay, Charles Schriber.	200,000
2878	Peoria National Bank..... Peoria, ILL.	Charles P. King, George H. McIlvaine.	150,000
2879	First National Bank.... Wellington, KANSAS.	George W. Baird, George M. Miller.	50,000
2880	Utah National Bank..... Ogden, UTAH.	John W. Guthrie, Richard M. Dooly.	100,000
2881	First National Bank..... Mexico, MO.	R. W. Tureman, R. R. Arnold.	50,000
2882	First National Bank.... Felicity, OHIO.	David H. Hoover, Samuel F. Waterfield.	50,000
2883	Traders' National Bank..... San Antonio, TEXAS.	John M. Brownson, James S. Thornton.	100,000
2884	First National Bank..... Marshall, MO.	James W. Goodwin, A. S. Van Anglen.	100,000
2885	Delphos National Bank..... Delphos, OHIO.	Theodore Wrocklage, Joseph Boehmer.	60,000
2886	Valley National Bank..... Des Moines, IOWA.	J. J. Town, William B. Lucas.	150,000
2887	Hot Springs National Bank..... Hot Springs, ARK.	Andrew Bruon, R. E. Jackson.	50,000
2888	Citizens' National Bank..... Lancaster, KY.	Jno. M. Higginbotham, J. P. Sandifer.	75,000
2889	City National Bank..... Lawrenceburgh, IND.	DeWitt Clinton Fitch, Walter Fitch.	100,000
2890	Old National Bank..... Grand Rapids, MICH.	Solomon L. Withey, Harvey J. Hollister.	400,000
2891	First National Bank..... West Point, MISS.	P. B. Dugan, T. M. Mosely.	52,500
2892	First National Bank..... Springville, N. Y.	William O. Leland, Elmer O. Leland.	50,000
2893	First National Bank..... Colorado, TEXAS.	W. Scott, F. W. James.	100,000
2894	Continental National Bank..... Chicago, ILL.	Calvin T. Wheeler, John C. Black.	2,000,000

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 638.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK	CITY, Mechanics' Nat'l B'k.	Alexander E. Orr, <i>V. P.</i>	.....
"	" National Broadway Bank.....	J. L. Everitt, <i>Sec'd V. P.</i>	.....
"	" Fifth Avenue Bank..	A. T. J. Rice, <i>Cas.</i> .....	J. L. Everitt.
		Jos. S. Lowrey, <i>Pr.</i> .....	P. Van Volkenburgh.
CAL....	Pacific Bank, San Francisco..	Louis Vesaria, <i>V. P.</i> .....	.....
		Z. S. Eldredge, <i>A. C.</i> .....	L. Vesaria.
		H. H. Reynolds, <i>A. C.</i> .....	.....
COL....	First National Bank, Leadville.	O. M. Webster, <i>A. C.</i> .....	.....
DAK....	First National Bank,	O. J. Salisbury, <i>Pr.</i> .....	R. C. Lake.
	Deadwood.	John R. Wilson, <i>V. P.</i> .....	O. J. Salisbury.
"	" First National Bank, Fargo..	E. C. Eddy, <i>V. P.</i> .....	J. D. Benton.
"	" James River National Bank,	C. E. Robbins, <i>Cas.</i> .....	E. C. Eddy.
	Jamestown.	E. J. Blossom, <i>Cas.</i> .....	W. W. Dudley.
ILL....	Second Nat'l B'k, Freeport....	Jacob Krohn, <i>Pr.</i> .....	F. W. Hance.
"	" First National Bank,	Asa A. Matteson, <i>V. P.</i>	G. T. Dietrich.
	Galesburg.	Joseph Hoover, <i>Cas.</i> .....	A. A. Matteson.
"	" Union National Bank,	Albert Eads, <i>Cas.</i> .....	I. N. Pearson.
	Macomb.	I. N. Pearson, <i>V. P.</i> .....	.....
"	" First National Bank,	John Van Horn, <i>Pr.</i> .....	A. A. Blunt.
	Mason City.	J. H. Mathers, <i>V. P.</i> .....	J. Van Horn.
"	" First National Bank,	W. B. Dunlap, <i>Pr.</i> .....	W. B. Warren.
	Mattoon.	P. F. McNair, <i>A. C.</i> .....	.....
IND....	Citizens' National Bank,	S. P. Gillett, <i>Pr.</i> .....	M. Henning.
	Evansville.	C. P. Bacon, <i>V. P.</i> .....	.....
		W. L. Swormstedt, <i>A. C.</i>	.....
"	" First Nat'l Bank, La Grange..	Samuel Shepardson, <i>Cas.</i>	H. M. Herbert..
"	" First National Bank,	A. C. Williams, <i>Pr.</i> .....	J. M. Lockwood.
	Mount Vernon.	A. C. McCallister, <i>V. P.</i>	A. C. Williams.
"	" State Bank, Warsaw.....	E. H. Rosenkrans, <i>Cas.</i>	J. B. Gardiner.
		G. W. Robertson, <i>A. C.</i>	E. H. Rosenkrans.
		S. H. Chipman, <i>Pr.</i> .....	W. C. Graves.
IOWA..	First National Bank,	R. J. Silliman, <i>Pr.</i> .....	E. L. Lyon.
	Nevada.	J. A. Fitchpatrick, <i>V. P.</i>	.....
"	" First National Bank,	Sam. J. Kenyon, <i>Cas.</i> .....	A. G. Bigelow.
	New Hampton.	A. G. Bigelow, <i>A. C.</i> .....	.....
"	" Dickinson County Bank,	M. E. Duff, <i>Pr.</i> .....	.....
	Spirit Lake.	W. E. Odell, <i>V. P.</i> .....	.....
"	" First National Bank,	George E. Pearsall, <i>Cas.</i>	.....
	Storm Lake.	George H. Eastman, <i>Cas.</i>	J. C. French.
"	" First Nat'l Bank, Shenandoah..	Z. Charles Felt, <i>A. C.</i> .....	.....
		R. W. Carey, <i>Cas.</i> .....	.....
		W. H. Brinkman, <i>V. P.</i>	.....
KAN....	First National Bank, Larned.	E. M. Parlin, <i>Cas.</i> .....	F. A. Dewey.
		John C. Fry, <i>A. C.</i> .....	.....
KY....	Farmers' National Bank,	J. C. Caldwell, <i>Pr.</i> .....	T. McRoberts.
	Danville.	J. W. Johnson, <i>Pr.</i> .....	H. P. Montgomery.
"	" National Bank of Owen,	J. S. Forsee, <i>V. P.</i> .....	J. W. Johnson.
	Owenton.	Nahum Totman, <i>Pr.</i> .....	H. Kelley.
MAINE..	First National Bank, Fairfield..	David W. Potter, <i>Cas.</i> .....	G. Allen.
"	" Medomak National Bank,		
	Waldoboro.		
MD....	Commercial and Farmers' National Bank, Baltimore.	Joseph H. Rieman, <i>Pr.</i> .....	.....

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MASS..	First National Bank, Marlboro.	Samuel Boyd, <i>Pr</i> .....	.....
"	.. Rockport National Bank .....	William H. Fay, <i>V. P.</i> ...	S. Boyd.
"	.. Machinists' National Bank, Taunton.	George W. Tufts, <i>Cas.</i> ... Edward King, <i>Pr</i> .....	E. Gott. C. R. Vickery.*
MICH...	First Nat'l B'k, Marquette.....	Wm. C. Davenport, <i>Cas.</i> ...	E. King.
"	.. First Nat'l B'k, St. Johns.....	M. L. Martin, Jr., <i>A. C.</i> ..... Josiah Upton, <i>Pr</i> .....	..... C. Kipp.
MINN...	First National Bank, Moorhead.	O. J. Qualley, <i>Cas.</i> .....	L. Benedict.
"	.. First Nat'l B'k, Rochester.....	W. H. Robinson, <i>A. C.</i> ..... John R. Cook, <i>Pr</i> .....	..... F. S. Cook.
NEB....	Nebraska City National B'k....	John W. Steinhart, <i>Cas.</i> ...	.....
"	.. First National Bank, Falls City.	D. R. Holt, <i>Cas.</i> ..... J. W. Holt, <i>V. P.</i> .....	R. Nims. .....
N. H....	First National Bank, Concord.	William M. Chase, <i>Pr</i> ...	A. C. Pierce.
"	.. First Nat'l Bank, Frankestown.	M. L. Morrison, <i>Pr</i> .....	J. D. Butler.
"	.. Great Falls National Bank....	A. A. Perkins, <i>Pr</i> .....	.....
N. J....	First National Bank, Freehold.	Joseph T. Laird, <i>Pr</i> ..... J. W. S. Campbell, <i>A. C.</i> .....	J. B. Rue. .....
N. MEX.	San Miguel National Bank, Las Vegas.	M. S. Otero, <i>Pr</i> ..... Jacob Gross, <i>V. P.</i> .....	..... J. Rosenwald.
"	.. First National Bank, Socorro.	M. A. Otero, Jr., <i>Cas.</i> ... T. J. Terry, <i>Cas.</i> .....	J. Gross. N. S. Ernst.
"	.. First National Bank, Socorro.	M. Fischer, <i>V. P.</i> .....	.....
N. Y....	Mechanics' Bank, Brooklyn..	George W. White, <i>Pr</i> ....	D. Chauncey.*
"	.. National State Bank, Oneida.	George McMillan, <i>Cas.</i> ... S. H. Farnam, <i>Pr</i> .....	G. W. White. S. H. Fox.
"	.. Poughkeepsie National Bank..	R. S. Barr, <i>V. P.</i> .....	S. H. Farnam.
"	.. Monroe County Savings B'k, Rochester.	Edward Van Kleeck, <i>V. P.</i> ...	J. G. Boyd.
"	.. Fort Stanwix National Bank, Rome.	David Hoyt, <i>Sec &amp; Tr.</i> ...	J. E. Pierpont.
"	.. Central National Bank, Troy.	H. G. Utley, <i>Pr</i> ..... James S. Whaley, <i>V. P.</i> ...	D. Utley. H. G. Utley.
"	.. National State Bank, Troy...	Moses Warren, <i>Pr</i> ..... Joseph B. Wilkinson, <i>V. P.</i> ...	G. C. Burdett.* M. Warren.
"	.. National State Bank, Troy...	Charles Warner, <i>Pr</i> ..... Lyman R. Avery, <i>V. P.</i> ...	H. Ingram. C. Warner.
OHIO...	Metropolitan National B'k, Cincinnati.	William Means, <i>Pr</i> .....	J. F. Larkin.
"	.. First Nat'l Bank, Bridgeport...	J. J. Holloway, <i>Cas.</i> ...	W. T. Graham.
"	.. Potters' National Bank, East Liverpool.	William Brunt, <i>Pr</i> .....	.....
"	.. Citizens' National B'k, Galion..	A. F. Lowe, <i>Cas.</i> .....	.....
"	.. First National Bank, Garrettsville.	Wm. B. McConnel, <i>Pr</i> ....	W. C. Thrasher.
"	.. First National Bank, Georgetown.	E. C. Smith, <i>V. P.</i> ..... W. E. Agler, <i>A. C.</i> .....	W. B. McConnel. .....
"	.. Hocking Valley Nat'l B'k, Lancaster.	H. C. Loudon, <i>V. P.</i> ..... J. C. Dunn, <i>A. C.</i> .....	..... .....
"	.. First National Bank, McConnellsville.	H. C. Drinkle, <i>Pr</i> ..... W. D. Kutz, <i>Cas.</i> .....	T. Mithoff. .....
"	.. First National Bank, Monroeville.	Thomas Mithoff, <i>A. C.</i> ...	.....
"	.. Morrow County Nat'l B'k, Mount Gilead.	James K. Jones, <i>Pr</i> ....	A. Alderman.
"	.. Second National Bank, Springfield.	E. W. Colton, <i>V. P.</i> ..... J. T. Stanton, <i>A. C.</i> .....	..... .....
"	.. Second National Bank, Springfield.	S. D. Fish, <i>Pr</i> ..... James Green, <i>V. P.</i> .....	S. D. Fish. .....
OREGON	First National Bank, Salem.	William G. Beatty, <i>Pr</i> ..	M. B. Talmage.
"	.. First National Bank, Salem.	Amos Whiteley, <i>Pr</i> ....	S. A. Bowman.
PENN...	Penn Nat'l B'k, Philadelphia..	William N. Ladue, <i>V. P.</i> ...	.....
"	.. Gap National Bank, Gap.....	John Moir, <i>Cas.</i> .....	W. Lowe.
"	.. First National Bank, Indiana..	John D. Brown, <i>Cas.</i> ...	G. P. Loughhead.
"	.. First National Bank, Indiana..	B. Maurice Herr, <i>Cas.</i> ...	C. Himes.
"	.. First National Bank, Indiana..	Dan S. Porter, <i>Pr</i> .....	S. M. Clark.

\* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
PENN...	German National Bank, Millerstown.	G. F. Fetzter, <i>Pr.</i> .....	H. L. Westerman.
" ..	Farmers' National Bank, Pennsburgh.	H. L. Westerman, <i>V. P.</i> .....	G. F. Fetzter.
" ..	Alleghany National Bank, Pittsburgh.	James M. Slifer, <i>Cas.</i> ....	A. F. Day.
" ..	Tradesmen's Nat'l B'k, *	W. McCandless, <i>Pr.</i> ....	J. W. Cogk.
" ..	Commercial National Bank, Reading.	Joshua Rhodes, <i>V. P.</i> ....	W. McCandless.
" ..	Second National Bank, Wilkes Barre.	George A. Cook, <i>Cas.</i> ....	C. Clarke, Jr.*
R. I....	First National Bank of Smithfield, Slatersville.	Ross W. Drum, <i>Cas.</i> ....	A. Bard.
TENN ..	Giles National Bank, Pulaski.	William Young, <i>Pr.</i> ....	A. Bard.
VT....	Howard Nat'l B'k, Burlington.	R. F. Walsh, <i>V. P.</i> ....	W. Mulligan.
" ..	First National Bank, Chelsea.	E. W. Mulligan, <i>Cas.</i> ....	.....
" ..	First National Bank, North Bennington.	John W. Slater, <i>Pr.</i> ....	.....
" ..	Waterbury National Bank.....	John D. Flautt, <i>Cas.</i> ....	S. E. F. Rose.
VA ....	First National Bank, Roanoke.	W. C. Nelson, <i>A. C.</i> ....	.....
WASH'N	Columbia National Bank, Dayton.	Curtis Wells, <i>Cas.</i> ....	C. A. Sumner.
W. VA.	People's National Bank, Martinsburg.	John B. Bacon, <i>Pr.</i> ....	S. Ely.
" ..	Second National Bank, Morgantown.	A. N. King, <i>V. P.</i> ....	J. B. Bacon.
		John G. McCullough, <i>Pr.</i> ....	T. W. Park.*
		Charles Wells, <i>Cas.</i> ....	Curtis Wells.
		J. W. Shields, Jr., <i>Cas.</i> ...	P. J. Otey, <i>Act'g.</i>
		Alex'r McDonald, <i>V. P.</i> ...	.....
		J. G. Paine, <i>Cas.</i> .....	A. McDonald.
		N. P. Hall, <i>A. C.</i> .....	.....
		A. J. Thomas, <i>Pr.</i> .....	E. L. Troxell.
		E. Shisler, <i>Pr.</i> .....	G. W. John.
		William B. Long, <i>V. P.</i> ...	E. Shisler.

\* Deceased.

## NATIONAL BANKS EXPIRED BY LIMITATION,

FEBRUARY 24, 1883.

ILLINOIS.....	Freeport.....	First National Bank.....	(319).
" ..	Peoria.....	Second National Bank.....	(207).
" ..	Peru.....	First National Bank.....	(441).
INDIANA.....	Lawrenceburgh .....	First National Bank.....	(82).
MICHIGAN .....	Detroit.....	Second National Bank.....	(116).
" ..	Grand Rapids.....	First National Bank.....	(294).
NEW YORK.....	Chittenango. ....	First National Bank.....	(179).
" ..	Elmira .....	First National Bank .....	(119).
" ..	Fort Plain.....	National Fort Plain Bank .....	(467).
" ..	Troy.....	First National Bank.....	(163).
OHIO.....	Cambridge.....	First National Bank.....	(141).
" ..	Delphos.....	First National Bank.....	(274).
" ..	Elyria.....	First National Bank.....	(438).
" ..	Xenia.....	First National Bank.....	(369).
PENNSYLVANIA....	Union City.....	First National Bank of Union Mills...	(110).
WISCONSIN....	Oshkosh.....	First National Bank.....	(218).

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from February No., page 640.)*

- NEW YORK CITY.....Gregory & Ballou; now Gregory, Ballou & Co. Curtis B. Gately being admitted.  
 " " " ..... Hatch & Peters; suspended.
- DAKOTA Deadwood..... First National Bank; surplus \$50,000, profits \$8,114.
- ILL.... Freeport..... First National Bank (319); now Freeport National Bank (2875). \$120,000. Same President. A. H. Barshinger, *Cas.*  
 " .. Peoria..... Second National Bank (207); now Peoria National Bank (2878). \$150,000. Same officers.
- IOWA... Des Moines.... Valley Bank; now Valley National Bank. \$150,000. Same management.
- KANSAS. Caldwell..... Stock Exchange Bank; paid capital, January 22, \$10,000. Surplus, \$9,400.  
 " .. Dodge City.... Bank of Dodge City; capital is \$50,000.
- KY..... Elkton..... Bank of Elkton; capital increased to \$50,000.  
 " .. Russellville.... Logan County National Bank; voluntary liquidation January 9. Succeeded by Logan County Bank. John W. Caldwell, *Pr.* C. H. Ryan, *V. P.* \$75,000. Same cashier and correspondent.
- LA..... New Orleans... Citizens' Bank of Louisiana; paid capital increased to \$1,050,000.
- MASS.... Boston..... Brewster, Basset & Co.; now Brewster, Cobb & Estabrook.
- MO..... St. Louis..... Donaldson & Fraley; dissolved. J. W. D. continues as Donaldson & Co.  
 " .. Lee's Summit. A. H. Powell; succeeded by Thornton & George.  
 " .. Mexico..... Mexico Exchange Bank; now First National Bank. Same management. \$50,000.
- NEB... Central City... Bank of Merrick County (J. N. Osterlind & Co.); now First National Bank. Same management.  
 " .. Norfolk..... First National Bank; in liquidation.
- N. Y.... Naples..... Beers & Munsell; out of business.  
 " .. Troy..... First National Bank (163); succeeded by National Bank of Troy. \$200,000. George H. Morrison, *Cas.* Same president and correspondents.
- OHIO... Dayton..... Gebhart, Harman & Co.; now City National Bank. Same management. \$200,000.  
 " .. Delphos..... First National Bank (274); succeeded by Delphos National Bank (2885). \$60,000. Same officers.  
 " .. Felicity..... S. F. Waterfield; succeeded by First National Bank. \$50,000. Same management.
- PENN... Philadelphia... Tradesmen's National Bank; capital \$400,000. Surplus, \$600,000.
- UTAH.. Ogden..... Guthrie, Dooly & Co.; now Utah National Bank. Same management. \$100,000.
- WASH'N New Tacoma.. Baker & Bostwick; dissolved. A. J. Baker continues.
- WIS.... Bloomington... W. B. Clark; succeeded by Woodhouse & Bartley.  
 " .. Oshkosh..... First National Bank (218); now National Bank of Oshkosh (2877). \$200,000. Same officers.
- ONT.... London..... Mahon Banking Company; assigned.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from February No., page 637.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ARK. . .	Hot Springs... \$ 50,000	Hot Springs National B'k. Andrew Bruon, <i>Pr.</i>	..... R. E. Jackson, <i>Cas.</i>
COL....	Rico.....	Rico Banking Co.....	Kountze Brothers.
ILL....	Chicago..... \$ 2,000,000	Continental National B'k. Calvin T. Wheeler, <i>Pr.</i>	..... John C. Black, <i>Cas.</i>
" ..	Hennepin.....	Hennepin Bank..... John Berkstresser, <i>Pr.</i>	First Nat'l B'k, <i>Chicago.</i> Ira B. Lesh, <i>Cas.</i>
IND....	Lawrenceburgh \$ 100,000	City National Bank..... DeWitt C. Fitch, <i>Pr.</i>	..... Walter Fitch, <i>Cas.</i>
IOWA..	Burlington.... \$ 60,000	Commercial Bank.....	First Nat'l B'k, <i>Chicago.</i>
" ..	Council Bluffs.. \$ 50,000	John M. Gregg, <i>Pr.</i> Iowa State Savings Inst'n. L. W. Tulleys, <i>Pr.</i>	John E. McKitterick, <i>Cas.</i> Security Co., <i>Hartford, Ct.</i> J. V. McDowell, <i>Cas.</i>
KANSAS.	Wellington.... \$ 50,000	First National Bank..... George W. Baird, <i>Pr.</i>	..... George M. Miller, <i>Cas.</i>
KY.....	Lancaster..... \$ 75,000	Citizens' National Bank.. J. M. Higginbotham, <i>Pr.</i>	..... J. P. Sandifer, <i>Cas.</i>
MICH...	Grand Rapids.. \$ 400,000	Old National Bank..... Solomon L. Withey, <i>Pr.</i>	..... Harvey J. Hollister, <i>Cas.</i>
" ..	Mt. Pleasant... \$ 50,000	Brown, Harris & Co.....	Imp. & Tra. Nat'l B'k.
MISS...	West Point.... \$ 52,500	First National Bank..... P. B. Dugan, <i>Pr.</i>	..... T. M. Moseley, <i>Cas.</i>
MO....	Marshall..... \$ 100,000	First National Bank..... James W. Goodwin, <i>Pr.</i>	..... A. S. Van Anglen, <i>Cas.</i>
" ..	Newark.....	G. G. Morris.....	L. & C. H. Bull, <i>Quincy, Ill.</i>
N. Y....	Fultonville.... \$ 50,000	Fultonville National B'k.. John H. Starin, <i>Pr.</i>	..... Lorenzo V. Peck, <i>Cas.</i>
" ..	Springville.... \$ 50,000	First National Bank..... William O. Leland, <i>Pr.</i>	Hanover National Bank. Elmer O. Leland, <i>Cas.</i>
OHIO..	Cambridge ... \$ 60,000	Central National Bank.. Andrew J. Hutchinson, <i>Pr.</i>	..... W. E. Boden, <i>Cas.</i>
TEXAS..	Colorado..... \$ 100,000	First National Bank..... W. Scott, <i>Pr.</i>	S. M. Swenson & Sons. F. W. James, <i>Cas.</i>
" ..	San Antonio... \$ 100,000	Traders' National Bank.. John M. Brownson, <i>Pr.</i>	..... James S. Thornton, <i>Cas.</i>
VT....	Burlington.... \$ 10,000	Burlington Trust Co..... C. M. Spaulding, <i>Pr.</i>	..... Curtis Wells, <i>Tr.</i>
W. TER.	Yakima..... \$ 50,000	First National Bank..... Joseph R. Lewis, <i>Pr.</i>	..... Edward Whitson, <i>Cas.</i>
WIS...	Bloomington..	Woodhouse & Bartley....	First Nat'l B'k, <i>Chicago.</i>

A NEW STATE BANK.—A new bank has been organized in New York, under the laws of the State, with a capital of \$ 300,000, and called the Home Bank. It will begin business at Forty-second Street and Eighth Avenue on or about May 1. The Directors elected are George I. Seney, Henry A. Hurlbut, William Campbell, Edward Schweyer, G. Waldo Smith, George Starr, Samuel Shethar, William P. Esterbrook, Frank Tilford, O. Wessell, Richard Kelly, George Mulligan, Francis Blessing, George E. Ketcham, and Edmund Stephenson. These gentlemen represent \$ 20,000,000 capital.



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The January conditions and tendencies of the money, stock, produce and other markets, continued into, and lasted nearly through February. Snow blockades, followed by floods worse than seen in a score or two of years, with a general interruption and suspension of transportation throughout the country, have been the main new factors in the situation. The month opened in the financial world with easy money, on disbursements of \$4,500,000 in February dividends, a call of bonds by the Government for \$15,000,000 and the reduction of \$13,000,000 in the public debt. Yet, in the face of this, the stock market continued to drop, with slight rallies—every time a little lower. The apprehension of a tighter money market in March and April; the public coming in as a seller on every “firm spot,” while holding aloof as a buyer on weak ones, and decreased earnings of the railroads were the chief causes.

The stock market was thought to have reached its lowest depths on the 5th of the month, when Gould and Vanderbilt with all the little Vs, were reported to have agreed to stand under their stocks and Keene to have covered his shorts.

On these reports, and the report of the Committee of Congress in favor of reducing the reserve held in the Treasury some \$40,000,000, the market did take a strong turn upwards, as this was regarded a bridge over the tight money market apprehended between now and April 1st.

The improvement, however, was soon gone and the down grade resumed, on which the market continued till near the close, when talk of “bottom” again is heard, though there is little change in the conditions that caused the decline.

The “big operators” have tried to sell on every advance; but so soon as their buying support of the market was withdrawn, down prices would lurch so heavily and quickly that they were obliged to stand at the pumps, to keep their watered stocks from drowning out their owners. In this way Gould is said to have increased his load, until his aggregate holdings are now about 800,000 shares. His trip around the world may, therefore, be delayed until he can reduce them. Vanderbilt again postponed his trip of recreation to watch his stocks, and the old operators of the street now admit that there is little if any prospect of permanent improvement in railroad stocks until the prospects of next crops are sufficiently developed and favorable to warrant it. But should they prove unfavorable, still lower levels may possibly be reached.

During the month, the failures of some of the largest iron and steel concerns in the country have caused an uneasy and unsettled feeling in financial circles, and especially in the iron and its allied interests, for it brought to the attention of the public the unsound condition of these great industries.

Over production and Tariff tinkering have done it. The great American game of “you tickle me and I’ll tickle you,” dignified by the name of Tariff legislation, keeps our industrial interests in a state of suspended animation. Doubt

is more fatal to their prosperity than the worst certainty. Indeed the country and its protected interests had all accepted the demands of the people for reduced taxation, and were prepared to concede them, before Congress assembled, and its members had left the clear atmosphere of their constituencies for the political malaria of Washington. If this Congress does not, the next one will be compelled to take up this Tariff revision in earnest, and settle it in the interest of the whole people before it will be settled permanently. This would probably not be until next winter. Meantime all our manufacturing industries must remain in the present state of inanimation, if they are not thrown into a panic before this revision is accomplished.

The money market has worked so easily that it has furnished no new element in any of the markets. No signs of a stringency next month as yet appear, though grain will move more freely soon on resumption of railroad traffic, and on the February advance in produce, requiring more money West to move and carry stocks. There has been no important change or feature in the foreign exchange market, as the supply of commercial bills as well as the demand have been moderate and light respectively, and the rates have declined on importation of our own securities from Europe. Domestic exchanges have turned against New York as money began to go West quite freely the last ten days of the month, chiefly into the grain sections and hog States.

The grain markets have worn the January bullishness nearly through February, on a series of accidents, in rapid succession, discounted over and over again, until the game of anticipating a short crop of wheat next year, has been played for all it will be worth a year hence if anticipations are realized, and far more, should they fail.

The January boom was run on floods, wet weather and consequent reduced acreage in Europe. The February boom upon floods West, unconfirmed reports of "winter killed" wheat in Ohio and Indiana and on the continued light receipts, occasioned by the embargo on transportation throughout the country.

It is too early to damage wheat yet, to any extent; March is the critical month and the wheat plant is well rooted against that. Receipts are already increasing as the railroads are getting out from under water and snow, and country roads and weather are fit for the moving of stuff to market, which has not been the case for two months past.

The only thing realized out of all this mass of exaggerated anticipation and accidents, which, without exception, helped the bulls, is a short acreage of wheat sown in England and in France. The extreme estimates are twenty-five per cent. down to ten per cent. less than an average, which can easily be made up by an increased acreage in spring-wheat countries this spring.

Prices of wheat are therefore too high for the present, and will be too high for the future, if not let down now, unless prospects of next crop grow worse than they now are, or are likely to be. Whatever advance there has been in other cereals out of sympathy with wheat is, therefore, equally premature if not fictitious. Corn has been thought intrinsically strong on its poor condition, which leaves a small proportion for the speculative grade. This may be a strong point for temporary manipulation; but there never was a large percentage of a crop of any thing, poor, that did not drag down the good until

the poor was used up. The strength of corn on its merits, therefore, appears to have been fully discounted at least. What manipulation may do is another thing. There is already talk of a corner or deal in May, on every speculative staple in Chicago. It may be that the expected will happen this year; but it seldom has, in other years, especially when it is expected three and four months before it is to happen.

Oats are in smaller compass and could be more safely and easily manipulated, if desired. But we hear no talk of a deal in them yet, though there is some heavy buying in this market for May of late. Otherwise they will likely follow corn. Hog products are on a purely fictitious and speculative basis, held by cliques, big operators and packers, at 70 cents to \$1.10 per 100 lbs.; higher even than a year ago, on the short crops and wild speculation. This is the only article that has not come back to a normal-crop basis, while beef, grain, cotton, vegetables, dairy products and all other staples of food have done so. The result of this has been to turn consumption, both in Europe and this country, off from pork, lard and meats and on to other food. Thus, sooner or later, deals or no deals, these articles must come down to a parity with other food which is fifteen to fifty per cent. lower than a year ago, while pork is five to ten per cent. higher, or two and one-half to two and three-quarter cents per lb. above its normal and relative value.

Cotton has made a feeble attempt to follow the fashion of other produce markets, and the bulls in grain tried to help it, on the theory that because wheat had dragged like cotton for months before it boomed, that therefore cotton must advance. They had the trade against them, however, and the statistical situation, as well as dullness in the Manchester and American markets for cotton goods. All these, and the stubborn refusal of the market to respond to their purchases led them to drop it disgusted after two weeks vain attempt to bull it.

Petroleum has been out of favor with the speculative public, and the longs, after paying carrying charges a couple of months for crude to get above the dollar line, threw up their load under the dollar line. Later there was a feeble rally to above a dollar, where it hangs, dull, in absence of any development in new territory of importance.

Coffee has become quite a speculative article since January 1, when trading in it for future delivery began. It has had its boom also, and is now receding, though the crop is short and pretty fair prices are likely to be sustained.

Dairy products have apparently reached a bottom at last, where good, sound, State butter sold at twenty cents for export, for which farmers had refused thirty cents in the country last fall. This trade has been revolutionized by adulterations within two years past, until sixty per cent. of that consumed as butter, in and about New York, is adulterated; and these adulterations, taking the place of butter, broke the market where farmers are losing money in making it, while cheese pays a profit on reduced production last year, and light stocks.

The export trade of the month has been fair only. It would have been much larger but for the speculation here, which kept prices above an export basis all the month. The bulk of wheat shipments were on speculation, and when the boom subsided, during the last week of the month, Europe declined as fast or faster than we did, showing she did not want more than the

usual weekly shipments from us, as she has a good deal of Indian and Russian wheat offering. We have now exported about 110,000,000 bushels of wheat and flour of this crop, and have about 75,000,000 left for the remaining five months of this crop year, after which another crop must fix values. The visible supply of all articles has increased during the month in spite of the inland transportation blockade, and a fair export movement. Stocks, as a rule, are still increasing, with larger receipts in prospect for March. The talk of the bulls that the Bureau estimates of the crops are too large, is therefore idle. March looks like a "bear" month generally, unless the spring calendar of accidents is as heavy as the winter one has been. The effects of the latter and the tariff uncertainty have been to delay all branches of spring trade throughout the country, and New York travelers report less doing than a year ago, no more than last month and no improvement on December. The stock market, however, has dragged so long on this condition of affairs with the railroads, that good weather now would stimulate the movement of both east and west-bound business and help the value of their shares.

The condition of the banks, however, is not as good as it might be or as the easy money market indicates. During the month they have lost nearly \$9,000,000 in cash, of which the Treasury has gotten over \$7,000,000. At same time bank loans are larger than this time last year and have increased about \$7,000,000, while they have drawn down their reserves heavily, though not as low as a year ago. The volume of exchanges, exclusive of stocks, are behind corresponding time last year twenty-seven per cent. during most of the month, notwithstanding the active speculation outside of Wall Street, and comparative quiet there. This shows the legitimate business of the country less than a year ago, by about one-third in values, though in volume it may have been about the same, as prices are generally much lower this year.

There has been a moderate movement from Europe of our government bonds and railway securities, but not enough to affect prices or foreign exchange materially. Our imports keep within our exports, so that, while the latter are moderate, we are not running further in debt abroad, but the prospects of importing gold are still in the dim distance. The redemption of called bonds has been very slow and hence the accumulations in the Treasury.

At close, the money market has been manipulated by Wall-Street operators, it is said, to keep stocks from advancing.

The reports of the New York Clearing-house banks compare as follows :

1883.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
Feb. 3...	\$ 316,460,800 .	\$ 61,605,800 .	\$ 23,030,400 .	\$ 307,182,200 .	\$ 16,645,200 .	\$ 7,840,050
" 10...	321,491,200 .	62,402,500 .	21,794,800 .	311,110,400 .	16,463,700 .	6,419,700
" 17...	323,352,100 .	59,999,300 .	21,353,700 .	310,712,700 .	16,543,000 .	3,674,825
" 24...	325,391,000 .	58,504,300 .	20,023,500 .	309,275,200 .	16,498,700 .	1,209,000

The Boston bank statement is as follows :

1883.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation</i>
Feb. 3.....	\$ 151,008,600 ....	\$ 7,425,800 ....	\$ 5,263,900 ....	\$ 94,686,700 ....	\$ 29,768,500
" 10.....	150,821,200 ....	6,611,800 ....	4,883,600 ....	93,699,200 ....	29,911,300
" 17.....	151,811,000 ....	5,952,300 ....	3,943,700 ....	92,413,900 ....	29,867,200
" 24.....	150,154,200 ....	4,814,900 ....	3,919,200 ....	88,069,800 ....	29,986,800

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1883.	Loans.	Reserves.	Deposits.	Circulation.
Feb. 3.....	\$ 74,728,573	.... \$ 20,199,710	.... \$ 68,125,752	.... \$ 9,719,547
" 10.....	75,342,721	.... 19,417,440	.... 66,491,944	.... 9,757,016
" 17.....	75,565,199	.... 19,106,381	.... 66,865,037	.... 9,781,891
" 24.....	75,442,655	.... 18,572,129	.... 66,949,080	.... 9,787,890

We append the usual quotations of leading stocks for the month :

QUOTATIONS :	Feb. 7	Feb. 14	Feb. 21	Feb. 27
U. S. 5s, 1881, Cont...	103½ ..	103½ ..	103½ ..	103½
U. S. 4½s, 1891, Coup.	113½ ..	113½ ..	113½ ..	113½
U. S. 4s, 1907, Coup...	119½ ..	119½ ..	119½ ..	119½
West. Union Tel. Co...	81½ ..	81½ ..	80½ ..	81½
N. Y. C. & Hudson R.	125½ ..	125½ ..	124½ ..	126½
Lake Shore.....	110½ ..	108½ ..	107½ ..	109
Chicago & Rock Island	122½ ..	121½ ..	119½ ..	122
New Jersey Central...	71½ ..	71½ ..	68½ ..	71½
Del. Lack. & West....	121½ ..	119½ ..	119½ ..	122½
Delaware & Hudson...	107½ ..	106½ ..	105½ ..	106½
Reading.....	53½ ..	54 ..	50½ ..	52½
North Western.....	130½ ..	130 ..	128½ ..	132½
Pacific Mail.....	41½ ..	41½ ..	39½ ..	40½
Erie.....	37½ ..	36½ ..	34½ ..	37
Discounts.....	5 @ 5½ ..	5 @ 5½ ..	5 @ 5½ ..	5 @ 5½
Call Loans.....	3½ @ 4 ..	3 @ 3½ ..	3 @ 3½ ..	4 @ 4½
Bills on London.....	4.82½ @ 4.85½ ..	4.83 @ 4.86	4.82½ @ 4.85½	4.82 @ 4.84½
Treasury balances, coin	\$ 116,687,012	\$ 119,351,609	\$ 120,593,885	\$ 122,038,307
Do. do. cur.	\$ 6,138,394	\$ 6,246,470	\$ 6,356,011	\$ 6,229,918

## DEATHS.

BARTHOLOW.—On January 10, aged sixty-seven years, E. M. BARTHOLOW, of the firm of Bartholow & Co., proprietors of the Williamsburg Bank, Kansas.

BRIGHAM.—On January 8, aged seventy-two years, HENRY BRIGHAM, President of the Merchants' National Bank of Savannah, Ga.

BISHOP.—On February 12, GABRIEL BISHOP, Cashier of the Cuba National Bank, N. Y.

CLARKE.—On January 15, aged thirty-six years, CYRUS CLARKE, JR., Cashier of the Tradesmen's National Bank of Pittsburgh, Pa.

GRISWOLD.—On February 10, aged eighty-three years, AARON GRISWOLD, Banker, of Clyde, N. Y.

HOYT.—On February 22, aged seventy years, WILLIAM C. HOYT, Treasurer of the Citizens' Savings Bank of Stamford, Conn.

MARYE.—On February 17, aged sixty-five years, GEORGE T. MARYE, of the banking firm of George T. Marye & Co., of San Francisco, and Virginia City, Nevada.

MASON.—On February 17, aged seventy-two years, JOHN C. MASON, President of the Central National Bank of Worcester, Mass.

TALLANT.—On February 13, aged seventy-one years, D. J. TALLANT of the firm of Tallant & Co., San Francisco, Cal.

VICKERY.—On January 16, aged eighty-two years, CHARLES R. VICKERY, President of the Machinists' National Bank of Taunton, Mass.

THE  
**BANKER'S MAGAZINE**  
AND  
*Statistical Register.*

---

VOLUME XXXVII.

APRIL, 1883.

No. 10.

---

THE WORK OF CONGRESS.

Congress has adjourned and the country breathes easier. Congress ought not to be so composed that when its members meet the country should be discomposed, but who will deny that this is the case. There is no reason for supposing that the members of Congress are generally corrupt, but there is a great deal of ignorance among them, and too often they do not care what may be the effect of their work so long as it is helpful to a particular few. Congressmen rarely legislate for the whole country; they legislate for their districts, or, at most, for small sections. The members who rise above this feeling and seek to enact laws which shall be for the general good may be easily counted. Only very few of them ever study long enough to find out what legislation would be helpful to the whole country. Each member seeks to find out the needs of his own particular section, and if he succeeds in accomplishing what is wanted there, he thinks his duty is done, and that he has earned the lasting gratitude of his constituency. Of course, it is very easy to find out what these needs are, for they are told to the Congressman himself. He is not required to pass sleepless nights and live laborious days to learn these things. But to find out the needs of the whole country and legislate for that, is a far greater matter. The entire National interests can be learned in no easy off-hand way. Study is required, long and

earnest, and the persons who care enough about their country to do this, unhappily, are very few.

The consequence is that whenever Congress assembles, legislation becomes a game of chance. Each Congressman is intent on serving those who sent him to Washington, which means that he is intent in trying to accomplish the ends of A, B and C. But the interests of all the As, Bs and Cs are very diverse, and consequently no one of them knows whether he is likely to get, in the way of legislation, what he desires or not. All is uncertainty. Now, if, instead of keeping their eyes so steadily fixed on the wants of A, B and C, Congressmen rose higher and sought to find out what was the general good, and to sink the smaller interest of the individual in the larger interest of the whole, our legislation would possess a far higher character and be more helpful and enduring.

Besides, many of the elements of uncertainty in it would disappear. If Congress were animated with this high purpose, many a one would know at the outset that there was no chance for his particular scheme, and he would therefore abandon it and pursue a different course. He would no longer trust to the uncertain chances of legislation for success. Trusting to wise general legislation, he would lay his plans accordingly, feeling surer of success than if individual legislation were permitted on an extended scale. But Congress does far otherwise, and so every year as soon as the session is begun, a kind of fear creeps over the business world because it does not know how much harm it is to suffer by the action of that body. Congress, therefore, which should legislate for the good of the people, and be helpful to them, is a source of dread and danger, and in a greater or lesser degree is indeed a standing menace to business. What is still worse, there is but little sign of improvement. How different is the action of the British Parliament! It makes mistakes, of course, but the business-man knows that whatever else it may do, it will strive to help and not to injure him; that it has his prosperity at heart, and realizes that the prosperity of Great Britain is indissolubly bound up with that of the individual. His interests are sure to be protected and advanced; no party jealousy or other malign cause is pushed in between the interests of business and the general good of the country. In our country, unhappily, party feeling runs so high that constantly the interest of the individual is sacrificed, not for the good of the larger number, but for party advantage.

The Congress which has just closed its session did not improve on the ways and ends of its predecessors. Two men exercised a marked power in the lower house—the Speaker and Mr. Robeson, and they became more conspicuous than ever for their abuse of it.

Largely through Mr. Robeson's management Mr. Keifer was

nominated for the Speakership, and elected. The latter formed the committees, and legislation in this country depends largely on the character of them. Thus it happens under our system that the Speaker of the House of Representatives determines to a great extent what our legislation shall be. In no other representative Government does one man possess anything like the power of our Speaker to mould legislation. If he forms the committees wisely, then good legislation is likely to result; if they are composed of men having narrow and personal ends most nearly in view, the legislation finally effected is likely to prove injurious to the country. So the first great error of Congress was the choice of a wrong man for Speaker, who made up the committees in a way which caused widespread dissatisfaction, and it was seen in the beginning that Congress was not likely to yield any very sound and healthy fruit. And yet this body, thus organized, and caring but little for the improvement of the public service, promptly passed a civil-service-reform measure, of a thorough and satisfactory character to those who for years had been laboring for this end and who were almost in despair of ever securing its enactment. The clouds suddenly broke when they looked the blackest. The future historian will long wonder how a Congress having a Speaker so utterly opposed to reform, and so regardless of the popular will in the matter, and who had for a chief lieutenant a man of views and spirit similar to his own, and with a majority of members regarding an improvement of the civil service as a humbug and delighting in the old order of things, ever came to enact such a measure. Until the historian has learned of the might of the popular will which was behind Congress, pushing it along, and which at rare intervals exhibits itself in splendid manifestations of lofty purpose and power, this measure will be a most puzzling riddle. When it is seen how Congress can be moved to higher and grander things by a strong and united expression of public sentiment, the people ought to take new heart and resolve to show their purpose and strength more frequently in the coming years.

Congress will doubtless be blamed less for what it did not do, than for what it did. There are very many political evils which Congress ought to rectify, but if these are left alone long, business adjusts itself to the abnormal and wrong situation, and when this is done, Congress should hesitate to act. Thus it happens that in most cases if Congress lets matters alone the people are satisfied and do not much complain. Of the two evils the danger is greater from over-legislation than from failure to legislate. The first session of the Congress that just closed was a very long one, yet only few laws were enacted, and none of them were of



reat importance. A vast number of measures were introduced, but the most of them died an easy death. The leading measure for which this Congress will be longest remembered, beside the civil-service-reform measure is the tariff bill reducing taxation and repealing the bank taxes. It is an ill-contrived measure, containing a reduction of the internal-revenue taxes and a revision of the import duties. It originated in the Senate, which clearly had no right to pass such a bill. It was hastily passed by the House, and very imperfectly understood by its members. The tariff commission reported a bill which was harmonious, and designed to remove many of the imperfections in the existing laws relating to the importation of goods; but the most valuable features of their work was thrown aside, and so the worst defects in our tariff legislation are perpetuated. This causes no surprise to any one, for Congress has always done the same thing. It shows though, that improvement in tariff legislation has not yet begun.

Perhaps the feature of the law least objectionable is the repeal of the bank taxes. For years the glaring evil of continuing them has existed. The justice of repealing them has been denied only by a few. Yet session after session has slipped by and the law has remained on the statute book. At last, by mixing these up with other taxes, they are removed. Opposition to their repeal had died away. Notwithstanding this fact, Congress was incompetent to enact a measure free from ambiguity. The provision of the law relating to the matter is contained in the first section and reads as follows:

"That the taxes herein specified imposed by the laws now in force be, and the same are hereby, repealed, as hereinafter provided, namely, on capital and deposits of banks and bankers, except such taxes as are now due and payable, and on and after July 1, 1883, the stamp tax on bank checks, drafts, orders, and vouchers."

The uniform rates of National taxes have been one per cent. annually on the notes of the banks in circulation, one-half of one per cent. on their deposits, and the same rate on the average amount of their capital in excess of the sum invested in United States bonds. These have been paid semi-annually by the banks to the United States Treasurer and collected without any cost to the Government.

Comptroller Knox remarked in his last report that the whole cost of the National banking system to the Government from the beginning in 1863, had been \$5,366,908; on the other hand, the Government during the twenty years succeeding had collected \$118,005,706.25 from the banks in the way of taxes on their capital, circulation, and deposits, as will be seen more fully in the following table:

<i>Years.</i>	<i>On circulation.</i>	<i>On deposits.</i>	<i>On capital.</i>	<i>Total.</i>
1864.....	\$ 53,193 32	\$ 95,911 87	\$ 18,432 07	\$ 167,537 26
1865.....	733,247 59	1,087,530 86	133,251 15	1,954,029 60
1866.....	2,106,785 30	2,633,102 77	406,947 74	5,146,835 81
1867.....	2,858,636 78	2,650,180 09	321,881 36	5,840,698 23
1868.....	2,946,343 07	2,564,143 44	306,781 67	5,817,268 18
1869.....	2,957,416 73	2,614,553 58	312,918 68	5,884,888 99
1870.....	2,949,744 13	2,614,767 61	375,962 26	5,940,474 00
1871.....	2,987,021 09	2,802,840 85	385,292 13	6,175,154 67
1872.....	3,193,570 03	3,120,984 37	389,356 27	6,703,910 67
1873.....	3,353,186 13	3,196,569 29	454,891 51	7,004,646 93
1874.....	3,404,483 11	3,209,967 72	469,048 02	7,083,498 85
1875.....	3,283,450 80	3,514,265 39	507,417 76	7,305,134 04
1876.....	3,091,795 76	3,505,129 64	632,296 16	7,229,221 56
1877.....	2,900,957 53	3,451,905 38	660,784 90	7,013,707 81
1878.....	2,948,047 08	3,273,111 74	566,296 83	6,781,455 65
1879.....	3,009,647 16	3,309,668 90	401,920 61	6,721,236 67
1880.....	3,153,635 63	4,058,710 61	379,424 19	7,591,770 43
1881.....	3,121,374 33	4,940,945 12	431,233 10	8,493,552 55
1882.....	3,190,981 98	5,521,927 47	437,774 90	9,150,684 35
Aggregates.	\$ 52,253,518 24	\$ 58,166,276 70	\$ 7,585,911 31	\$ 118,005,706 25

### TIGHT MONEY.

The recent advance in the rates of money, though indicated in our last monthly report, was as unexpected to many as it was unwelcome to them. The head of the Government Treasury is, of course, subjected to a large amount of condemnation for this state of things. There are those who will never cease to complain so long as the Government keeps more than enough money on hand to pay its bills to-morrow. They believe that there should be no such thing as a National reserve, or that, if there should be one, the banks are the proper custodians of it. But what do the banks want it for if they cannot use it; and if they do use it, then no reserve exists. The discussion, therefore, about the action of the Treasury turns on the point whether it is desirable to keep anywhere a monetary reserve to meet great and unexpected contingencies. If one is to be kept, certainly the National Treasury is the best place in which to keep it; indeed, any attempt to keep it elsewhere would probably prove a failure, for it would not be kept at all. Very likely it might be kept by the banks in such a way as to appear theoretically on their books that they had it; but as for keeping an actual *bona fide* reserve for the Government, the right and expedient thing for the Government to do is to keep it itself, just as it is now doing. No growls and criticisms on the part of those who are so anxious to get hold of the Government reserve in order to employ it mainly in speculation, ought to make the slightest impression on those who believe in a sound, honest, financial system.

Doubtless the increase of money in the Treasury is one of the causes of the recent tightness of money, though the demand for it in the West was a still more potent cause. The *New York Evening Post* has correctly said that the "drain of money to the West has been more pronounced than usual, for the reason that the movement of grain during the winter was retarded both by the heavy snows, which impeded every kind of movement and traffic, and by the low prices of wheat prevailing in the early winter—prices at which the farmers refused to sell. With the opening of spring prices have advanced in response to an active foreign demand, and the movement has been so great as to tax to the utmost the carrying capacity of the railways. This rush of grain to the seaboard implies and necessitates a corresponding movement of money Westward."

Neither of these causes can be compared with the movements of speculators in influencing the money market. No doubt the head of the National Treasury Department might disburse the National revenues with more wisdom than he does on some occasions, but is it his duty to watch speculators and pay out the public money on certain principles founded on their movements? The speculators are now very numerous, and they all believe that the Government Treasury should be managed with reference to their interests. If one section of these speculators desires cheap money, it forthwith assails the Secretary of the Treasury for locking it up, while the other section assails him if he pays anything out. It is perfectly evident that the true course for the Secretary of the Treasury is to let these speculators alone and to conduct the business of the Treasury Department without any reference whatever to their wishes.

But says one, if the speculators get hold of all the money and lock it up, ought not the Secretary to come to the relief of the market for the benefit of those who are engaged in legitimate business? This seems to be a very plausible question, but it may be easily answered in the negative after briefly showing the situation of things. It is said that a couple of weeks ago some Wall-Street speculators, in order to make the money market still tighter, sent several millions away from the city. But where did they get it? They borrowed it from the banks. Where did the banks get it? From their customers—merchants, manufacturers, and others. Now if the banks had not made these loans, the speculators could have done nothing. The true remedy, therefore, is not in the hands of the Secretary of the Treasury, but in the hands of those who are engaged in legitimate business. It consists in their depositing with those banks which are managed for the benefit of legitimate business, and in withdrawing their deposits from the few which the speculators control. What can be clearer than this? Let the mer-

chants and all others who wish to do a fair, legitimate business apply the remedy which it is within their power to apply and the evil of which they complain will be corrected.

---

## INVESTORS AND RAILROAD SECURITIES.

The late Col. Thomas A. Scott once said: This is a wonderful age; but the greatest wonder of the nineteenth century is the ease with which railroads borrow money. No man ever lived more competent to judge; no truer sentiment was ever uttered, nor better illustrated than has been since his death, within the last few years. Investors are supposed to look first to the security of their principal, second to the certainty of income, and third to the highest rate of interest compatible with these. They do this, however, only after panics and during seasons of depression, but utterly forget it in prosperous times.

During periods of railroad extension and inflation, they lay the surplus capital of the country at the feet of construction companies and stock jobbers, whose only object is their own enrichment in building these roads and in selling their "securities;" not in managing them and developing the resources of the country and contributing to its wealth. Nearly all of our railroad building is now of this character, in unsettled country, or paralleling those in country already settled, from five to ten years in advance of the wants of both. When this cannot be done fast enough to absorb the money poured into their coffers, nor the price of these securities advanced far enough, the never failing resort of watering the stocks of the old roads over and over again is brought into requisition, until there are only a few roads in the United States, such as the Chicago, Alton and St. Louis, that have been honestly built and managed. All this is known, for it is done constantly, openly, and defiantly, both of law and public opinion, under the corporate seal of organizations which derive all their powers from the State, which seems to lend a charm or the power of financial mesmerism to the men who control them. Hence, investors trust their money with men in their official capacity, without the safeguard even of personal responsibility for their official acts, whom they would no more trust in their individual capacity, than they would gamblers, which they are. It is not necessary to go back into the history of railroads or Wall Street to find scores of examples. It is a sad fact that nearly every large railroad in the country furnishes a living and burning one.

Why then this strange infatuation, among an intelligent and thinking class of people in other matters in which they are not nearly so vitally interested? It cannot be ignorance, as they have paid over and over again for this folly in every time of depression or panic.

It is openly charged on Wall Street that a prominent St. Paul railroad, has either systematically, or when its finances made it necessary, been issuing new stock to pay interest on its bonds and then issuing more bonds to pay dividends on its stocks. How long this robbing of St. Paul to pay St. Peter, or both to pay neither, but make millionaires of its officers, and eventually wreck the road, can be carried on, is a financial conundrum that can only be solved by investors who will some day refuse to try more of this kind of "securities." There are signs already of an awakening on the part of the public, who are and have been for months letting railroad stocks severely alone, except to sell out their holdings. Hence the long-continued depression on the Stock Exchange which, later on, will extend to railroad bonds as well as stocks, although just now the public are buyers of the former, when sellers of the latter, for want of anything else in shape of interest-paying securities to invest in, except at prices that return very little income.

In this connection it is worth mention, that a person of an investigating turn of mind has ascertained the cause of the inadequate water supply of the Metropolis for the past two years. It is due to the enormous increase in its consumption in Wall Street. When railroads came to the front and water navigation was relegated to a secondary position, it was thought that Neptune's supremacy was at an end. It was not supposed that railroads as well as vessels would eventually be run on water. Yet this Wall Street leak in our water supply, demonstrates the fact.

---

### RESUMPTION OF SPECIE PAYMENTS IN ITALY.

The 16th of this month, Italy is to resume specie payments. The preparations for the great event are deemed ample, and are well worth brief consideration, especially in view of our own recent experience.

The Government, after paying a debt due to the National bank of \$8,800,000, will have \$120,000,000 in specie, which has been obtained through a gold loan, a portion of which has been drawn from this country. Beside this sum it has hoarded about \$20,000,000 from revenue and customs receipts. Of this sum of \$140,000,000, \$90,000,000 are gold, \$4,000,000 consists of silver, and \$11,000,000 in divisional money.

The reserve of the six note-issuing banks exceeds \$50,000,000, three-fifths of which is gold and the balance is silver. What amount of specie there may be in possession of the people cannot be definitely ascertained. The London *Economist* says it is thought there can be hardly less than \$16,000,000 gold and \$10,000,000 silver in the country. Combining these figures, Italy will have \$230,000,000 in specie as a basis for resuming hard-money payments.

Let us now inquire what is the amount of paper circulation. The State notes amount to \$188,000,000, to which must be added \$162,000,000 in notes and other credit instruments of the banks. When specie payments are resumed \$120,000,000 of State notes are to be withdrawn, leaving \$68,000,000 in circulation. Some of the notes, too, of the banks are to be withdrawn.

On this basis it is expected that specie resumption can be safely resumed. The matter has been managed with consummate ability, and Italy is to be congratulated for the success of her efforts to re-establish a sound currency based on the precious metals. Her business was sure to suffer in many ways so long as she employed a vicious paper currency, and her financiers have shown themselves to be both wise and honest in urging the return to a solid money, which would no longer keep the Italians at a disadvantage when buying of, or selling to the people of other nations.

## PITT'S FINANCIAL REFORMS 1784-92.\*

[CONCLUDED FROM THE MARCH NUMBER.]

The above measures indicated only the beginning of the reform, and were of a negative nature, designed to remove the obstacles that stood in the way of a profitable return from the existing taxes. As considerable as the effect was, it was far from sufficient to make the budget balance. And this equilibrium was the great aim Pitt had set himself. As the three bills had not really imposed any increased burdens on the country, new taxes had now to be laid upon it. This was the more difficult part of the work. But Pitt had and could have unlimited confidence in the healthy sense and public spirit of his people. On the opening of Parliament in June, 1784, he had to announce, as before mentioned, a deficit for the next fiscal year of ten million pounds; the two million pounds due the Bank of England were included, but the reimbursement of the floating debt was not taken into account. To reduce the deficit the Chancellor of the Exchequer opened ne-

\* From the German of Fritz Kilian in *Jahrbuch für Gesetzgebung*, 1882.

gotiations with the management of the Bank, which resulted in the indefinite postponement of the payment of the debt to the Bank. The replacing of the circulating treasury bills by new ones might help in the settlement of the floating debt. Pitt promised himself a further reduction of the deficit by two million pounds from a better collection of the taxes and the practice of economy in the army. A deficit of six million pounds still remained, that could only be covered by means of a loan. It was indispensable and was agreed to by Parliament. The way this loan was carried through showed that a new and superior mind ruled in the financial administration. Under former ministries the direct assignment of loans had been customary and the abuse had crept in of favoring individuals and enriching the friends and partisans of the Government at the expense of the people. Pitt adopted a new procedure that was a complete success and is now universally employed. He announced to the capitalists of the city of London, through the management of the Bank of England, that he was ready to negotiate a loan with those who would give him the most favorable conditions. There was some competition for it, as had been expected. Two syndicates made bids which were opened in the presence of the Governor and Vice-Governor of the Bank, and Pitt accepted the one most advantageous to the State. At the same time he consolidated 6,600,000 pounds of treasury bills, resulting from the expenditures for navy and and artillery, which formed a considerable portion of the floating debt. Altogether nearly thirteen millions of such treasury bills were in circulation. As the budget must still for an indefinite period have to deal with a deficit, it seemed necessary to consolidate the whole floating debt existing in treasury bills in order to avoid dangerous crises and embarrassments. Pitt, however, showed himself a prudent financier by postponing this measure for a time in order not to excite the monetary market too much all at once, as the new loan was making great demands on it. Later, a conversion of the floating debt could be combined with the consolidation to the advantage of the public Treasury. The interest on the new loan amounted to 315,000 pounds. New taxes had to be imposed to pay it. They were laid on hats, silk ribbons and fabrics, coals, horses, linen, cotton goods, licenses of retail dealers, bricks and tiles, hunting licenses, paper, and carriages. Except the imposts on coals and bricks, this was a series of taxes on luxury. The coal tax raised serious apprehensions. When it was objected that it might be injurious to trade and oppressive to the poor, Pitt gave it up, and substituted for it a tax on gold and silver plate, exported lead, licenses for the sale of ale, race horses, letter postage, and transformed the tax on silk fabrics into one on raw silk. All these taxes which made heavy demands on the country were ap-

proved of by Parliament without great difficulty. A fresh spirit went through its debates; order was demanded in the finances first, and it was left for subsequent legislation to reconcile the claims of the public Treasury with the principles of sound financial policy. "Events do not wait until we have money," said the leader of the opposition, Burke.

The prudence with which Pitt had brought his bills through Parliament, was matched by the energy with which he enforced the laws. In January, 1785, without any ceremony he had all the ships suspected of smuggling burned along the coasts. This forcible operation was performed in the presence of the ship-owners, who protested in vain, and under cover of a strong division of troops, who had been ordered to Deal and other smuggling ports. With similar determination Pitt went at other abuses of the financial administration. Officials grown gray in the service shook their heads ominously, never having seen the like in any Minister, but he worked himself into all the details, everywhere lopping off unnecessary expenses.

The effect of the measures devised soon made itself felt. The public revenues began to rise. In April, 1785, Pitt could inform Parliament, that the returns of the first six months of the financial year showed considerable progress in comparison with those of the preceding year. And he could already express the hope, that in the next year the revenue would balance the expenditure or even give a surplus that might be applied to the amortization of the debt. In his address on bringing in the budget of the 9th of May, Pitt announced, that the deficit of the current year with the ordinary expenditures would only amount to one million pounds, so surprising a result, that its truth was generally doubted. The announcement occasioned great hilarity in Parliament, even among Pitt's followers. It was supposed to be a delusion of the young minister's.

To cover the deficit Pitt wanted no loan in the usual form, as on account of the low market price of Government securities it seemed injudicious to him to throw any new ones on the market. Instead he secured a loan against issue of treasury bills from the Bank of England at five per cent. The confidence, enjoyed by the new administration, was so strong, that the Bank did not hesitate to make a new advance of one million pounds. It must be remembered that the old debt of two million pounds had not yet been paid. He also considered it now advisable to consolidate the treasury bills, resulting from the expenditures for fleet and artillery, which were still circulating to the amount of about ten million pounds; he saw, as experience taught, rightly in this mass of paper of short duration, the chief cause of the low market price of Government securities. For this purpose, as in



the preceding year, five per cents. were issued somewhat above par. The funded debt was thus increased by nearly eleven million pounds. To find the interest on the new loans and a substitute for the tax on cotton goods, which he had had to give up, Pitt proposed new taxes on domestics, post horses, taverns, the pawnbrokers' loans, and gloves. Parliament made some changes in details of these taxes in consequence of which they turned in less revenue. But Pitt was unwilling to lose anything, so he increased correspondingly some of the taxes already existing in order to make up the deficiency of 400,000 pounds resulting from the Parliamentary changes.

Fox, Sheridan, and the other members of the opposition had originally made known their intention of supporting Pitt in his reforms. It was less a friendly feeling towards the Minister, that led them to this course, than the fear of running in the face of public opinion, which unmistakably and energetically spoke out for Pitt's exertions. When the opposition saw, however, that he was going in so far, they hoped to be able to use this circumstance for his overthrow. In the old method of combat of all oppositions, Fox, Sheridan, Burke, and others sought to prove that the deficit was greater than the Minister acknowledged, and simultaneously attacked all the new taxes as detrimental to the common welfare. They especially assailed the new tax on shops, which, indeed, was not a very happy selection, and its abolition was to give them later a small triumph. The opposition was lost in a carping criticism, but public opinion withstood it all, however justified it might be in some points. The nation felt that the opposition was less moved by actual reasons, than by personal dissatisfaction. Fox and his associates were wrong in thinking they could use the radicalism of Pitt's reforms against him. The people wanted just such a reform in the head and all the parts, and would not have adhered to him so faithfully, if he had stopped half-way or had had a financial policy of palliative remedies for the time being merely. On the other hand it was well understood that so far-reaching a reform requires time and cannot be effected at a stroke. The opposition was, therefore, particularly unfortunate with its incessant renewal of the question, where were the fruits of reform to be seen? The confidence in Pitt's energy remained unshaken; people knew how to wait. On the opening of Parliament in February, 1786, Pitt, sure of his cause, demanded the appointment of a commission to investigate the financial condition of the country. March 21, the commission named for this purpose presented a comprehensive report favorable to Pitt and his system. Above all it was proved that the declarations of Pitt in former sessions of Parliament concerning the disappearance of the deficit and the prospective surplus of reve-

nue were perfectly true. This was a hard blow to the opposition, whose most effective weapon in the struggle against Pitt's efforts had been the doubt of the correctness of his statements about the finances. The investigation, in which members of the opposition also took part, showed that in future the ordinary budget would amount to about 14,478,181 pounds of expenditure and 15,397,471 pounds of revenue, consequently the revenue exceeded the expenditure by 919,290 pounds. In the space of only two years the annual expenditures had been reduced by Pitt from eighteen million pounds to fourteen and one-half millions, *i. e.*, by three and one-half millions, while the revenue had been raised from twelve and one-half million pounds to fifteen and one-half millions. The former deficit of five and one-half million pounds had given place to a surplus of nearly one million. The new taxes introduced by Pitt were thereby estimated at only moderate amounts. The increase of the public revenue was obtained almost entirely from the old taxes by reason of the improvements in their collection, the from day to day more successful suppression of smuggling, and above all the economic progress, which became more and more evident. The country paid fifteen and one-half million pounds more easily in 1786, than twelve and one-half millions two years before. It is less of an art to increase the public revenue by new taxes than to raise it by helping the economic life. Gaining the public confidence is more necessary for this than anything else. Pitt's administration accomplished wonders in this respect. The bad times of the American war were soon forgotten, the English people accommodated themselves with remarkable flexibility to the consequences of that war, and sought among themselves and elsewhere a recompense for what had been lost. Trade, commerce, agriculture, and navigation, were developed in an extraordinary manner.

The brilliant picture, which the investigation commission had drawn of the financial condition of England, was not to pass unchallenged. The astonishment, that had at first mastered the opposition, soon gave way to a passionate thirst for combat, as there was in truth much to be criticised in that report. The opposition damaged its own cause again by going too far in its attacks on the result of the investigation. Fox, Sheridan, and, particularly Sir Grey Cooper, declared all the conclusions of the report false. In their opinion the surplus of 900,000 pounds in the revenue was an odious falsehood. They based the assertion on this, that the commission had not taken into account many expenditures, which belonged, indeed, to the extraordinary ones, but were, nevertheless, obligatory, such as the sums due the civil list, the increase of the Prince of Wales' appanage, the indemnities for the American loyalists, the two million pounds due the Bank, etc. But these expenditures were in

part not yet due, in part they were to be disbursed but once, and the question was only whether there was a surplus of the ordinary revenue over the ordinary expenditures; the commission had rightly found such a surplus for the current year. There was more reason in the objection of the opposition, that the ordinary expenditures were unduly diminished, that for example, the navy could not get along with the amount assigned it at a time when other States were making considerable equipments, that finally similar errors of calculation would be found in all the other branches of the public administration. No matter how just these criticisms might be, it was but a dull weapon, when the opposition saw itself forced to reproach the Government with too great economy in order to bring anything well founded against it. Such a reproach is not calculated to bring Governments into ill-repute with taxpayers. In some points the speakers of the opposition went quite astray, as in the assertion, that the revenue from customs and excise was exceptionally high in 1785, and there was no reason for supposing it would keep at this height. From the circumstance that the revenue from customs showed a slight and temporary falling off in the first three months of 1786, the inference was drawn that there would in future be such a deficiency in all the taxes. This method of annoyance has been employed to the present day by the opponents of efforts towards reforms in the finances. We have experienced it of late years, and in Germany as well.

The English nation did not permit itself to be deluded. The partly-justified attacks on the new financial system made no impression on public opinion. The judgment of Pitt's system was now fixed. He had done not only all that was possible for the time, but far more than could have been hoped for in 1783. People did not much care whether the famed surplus of 900,000 pounds was real or imaginary. For the first time in long years the State got through without any loan for the current necessities; after the period of accumulating deficits the restoration of equilibrium in the finances was in itself a great progress. There was little apprehension about the payment of arrears after Pitt had dispatched the greater part of them. By laying bare the financial embarrassments the opposition accomplished the reverse of the result intended, because they could not indicate a single remedy, while the young minister worked away energetically and prudently at removing the evils. The English nation, therefore, preferred to support a reform ministry, even granting that it put forward the bright side of the situation rather too prominently, than to favor an opposition that exaggerated in turning out the dark side. Great and necessary reforms are not in the long run successfully contested by a criticism of the individual, however much of truth there may be in the criticism.

Pitt expected much of his land and people. But he now ruled the situation. Nowhere had there ever been seen such an accumulation of taxes. Macaulay informs us, that a caricature then appeared representing John Bull as a man sinking under a load of taxes. The picture met with much applause, people laughed over it, found it true, but disarmed the mockery by asking, how it could well be otherwise?

To show the actual existence of the surplus, Pitt surprised Parliament in 1786 with the so-called amortization bill. He proposed to apply the surpluses to a systematic sinking of the National debt. The experiment was peculiar, and had not yet been made in this way. The proposition made a great noise, and Pitt's rather exuberant eulogist, Tomline, is so delighted with it that he remarks: This plan of amortization would have sufficed to make the name of Pitt immortal, and to assure him the ardent gratitude of the present and the future. At first a million of pounds was to be used every year in the redemption of Government bonds. The fund for this purpose was declared inalienable, even in time of war, and should be annually increased by the amount of the interest on the redeemed debt. Tomline ought to have mentioned, that this special plan did not originate with Pitt, but with Dr. Price, who had first put it in this form in his work appearing in 1774, *An Appeal to the Public on the Subject of the National Debt*. MacCulloch has proved that Pitt borrowed this idea of a sinking fund from Price. But that is of little moment. It still remains Pitt's merit, to have made the first attempt at its practical realization.

The constant growth of National debts then occupied minds very much, especially as to how they might be amortized most judiciously. With this view many other propositions had been made, among which Pitt gave the preference to Price's as the most judicious. The nation heard the announcement of the financial minister's plan with astonishment. It was demonstrated by figures, that if from 1716-1786 an annual fund of 500,000 pounds had been applied to the redemption of the debt in such a way, that from year to year the interest on the redeemed debt had been added to the sinking fund, the entire English National debt, whose interest now cost the immense sum of nine and one-half millions, would have been paid off within this period. As such a result would have been possible from the yearly employment of half a million pounds, what might not be expected from the employment of twice as much? The enthusiasm of the English nation for Pitt's plan knew no bounds. It hoped for liberation from its crushing debt within a short time, and, indeed, if no new loan had stopped the operation of the sinking plan called into life by Pitt, the computed results would have followed with mathematical precision. The first condition, however was, that the annual surplus of one million pounds should be actually obtained.

This condition was only rarely fulfilled; it was absent at the very moment Pitt was solemnly announcing to people and Parliament the existence of the surplus, and the time was not far off when the outbreak of the war against France would force the State to assume a much more considerable load of debt than was the old one. Pitt's sinking-fund plan was never anything more than a self-deception, to which the nation resigned itself willingly, but it had in any case one good result, that the public credit was strengthened thereafter as never before.

Though some later economists attacked Pitt on account of the failure of his plan, we think they have exerted themselves to no purpose. It remains his merit that he took up into political economy the idea of such an amortization and endeavored to carry it out practically. Though the wars of the Revolution and the Empire hindered the realization, that was the reason of a higher order, the vital interests of England then fell into the scales, and how often has not foreign policy destroyed the most beautifully arranged plans of the financial minister! The idea, however, of the amortization bore its good fruits just in this period of the coalition wars, when the greatest demands were made on England's financial resources, although its accomplishment had become for the time impossible. In the most difficult moments of the war it was essentially the determined maintenance of the principle of amortization that contributed to the speedy placing of prodigious loans.

---

### MICROSCOPIC EXAMINATION OF METALS.

An examination by the microscope of a fracture in steel is now regarded by metallurgists as one of the readiest means of testing the quality of steel. By a powerful lens the crystals are found to be octahedral, presenting the form of a double pyramid joined base to base. As the carbon decreases the pyramids become flatter, from the cubical form in cast iron down to the flattened form in wrought iron, which confers upon it greater capacity of being welded and thus producing fiber. Between these extremes may be found a graduated series of pyramidal forms, more or less elevated, according to the quality of the metal. If, under the microscope, the steel shows a regular and parallel crystallization—which may be pretty accurately ascertained if the fractured metal be held against the light—flashing back to the eye a uniform luster like evenly serried needle points, the steel is of good quality. In proportion as it departs from this standard and shows groups of crystals whose diskal directions are not parallel, causing the needle-like fragments of crystal to reflect a luster patched here and there with shade, imparting to one portion a bright, silvery tone and to another a dark gray one, the metal is of inferior quality or make. Fineness and parallelism of grain can, of course, be produced by repeated melting, heating, or hammering when cold or at a dull red heat. Cold hammering, as is well known, has the effect of producing an extremely fine grain.

## JOHN LAW.

Near the middle of the seventeenth century two men were born in Scotland who, in the fullness of time, astonished Europe by their display of financial genius. These twins in finance were John Law and William Paterson. Paterson's genius culminated in creating the Bank of England, while Law's financial exploits form one of the most exciting chapters in the history of France. We shall first give some account of the ways and works of the latter; on another occasion perhaps we shall say something about Paterson.

Law was born in Edinburgh in April, 1671. His father was a goldsmith—a profession equivalent to that of a banker in our time. He acquired a considerable fortune and died when his son John was scarcely fourteen years old.

Young Law was educated with great care and manifested a marked aptitude for study. But he was also fond of pleasure and travel, and at the age of twenty left his mother and went to London. One of his biographers says that he was handsome, tall, well-made, and full of dexterity and grace; he excelled in all bodily exercises, and especially in the tennis court, which was then very much in vogue in Scotland. His mind was not less distinguished than his person; he expressed himself with ease and force, and manifested an extraordinary aptness for arithmetic and the exact sciences.

At London he employed his time in gambling and in studying the mysteries of trade and commerce. What a strange combination of employments! He applied his scientific knowledge to gambling with great success, winning large sums, though his debts became greater. To pay these he proposed to sell his estate of Lauriston left to him by his father, but his mother came to the rescue, paid his debts, and once more he was square with the world.

Law was a very attractive man in society, and ere long was engaged, not to a young lady, but to fight a duel occasioned by his conduct toward a young lady—a cause which has given rise to many a duel before and since his day. His antagonist was Edward Wilson, or as an old writer who gave an account of the affair called him, "Beau Wilson," who, by the common report of fame, kept a coach and six horses, maintained his family in great splendor and grandeur, being full of money—no one complaining of his being their debtor, yet from whence he had the effects which caused him to appear in so great an equipage is hard to be de-

terminated." The duel was fought, and, unhappily, Law killed his adversary. He was arraigned before the royal commissioners and condemned to death. He was pardoned, however, but by the demand of Wilson's family was thrown into prison. From this he escaped and fled to the continent.

He was now twenty-four years old. He traveled through several countries, especially Holland and France. At that time Amsterdam was the commercial metropolis of Europe. There a bank existed whose credit had withstood the invasion of Louis XIV, and whose treasury seemed inexhaustible. Its operations were a mystery to the outside world, and in order to understand it Law became the clerk of an English resident, and in a short period added much to his stock of knowledge concerning commerce and finance.

He returned to Scotland about the year 1700. He was then thirty years old. He was impressed with the poverty of his own country compared with Holland. Though having a productive soil and an intelligent and industrious population, Scotland needed capital to develop her agriculture and extend her commerce and manufactures. Like all mountaineers, the Scotch were endowed with active minds, and finding but little opportunity to exercise them at home, they wandered into other countries.

Law thought that the languishing condition of his country was the consequence of a deficiency of capital. He was doubtless right, but confounding capital with currency, he believed that if Scotland only had enough of the latter, the hearts of his countrymen would be gladdened with a prosperity similar to that enjoyed by the people of France and Holland.

Law said to himself, "What is wanting to the proprietor to enable him to clear up his lands; to the manufacturer to multiply his looms; to the merchant to extend his operations? Advances; that is to say, money, to pay for the first materials and the manual labor.

"With a few more millions we could pay the laborer who wishes to emigrate, we could retain him upon his native soil, and procure all the material necessary to occupy his labor. Holland, with a sterile soil, whose low banks expose it constantly to the dangers of the flood, is the richest country in the world. Why? Because she overflows with money.

"By what means can money be supplied? It is credit; it is the establishment of banks which give to paper the value and efficiency of specie."

Thus Law thought that the prosperity of a country depended on the amount of money in circulation, which might be increased at pleasure. This idea gained full possession of him; how it became rooted, how it grew and blossomed, and what kind of fruit it yielded we shall learn bye and bye.

He presented a plan embodying his views for adoption by his countrymen. The plan was to form a company having power to collect the public revenue, to carry on commerce with certain exclusive privileges, to direct manufactures, the fisheries and other undertakings. Though rejected, the plan brought him before the public eye, and in close relations with many of the principal persons of Scotland.

Seeing that he could not plant his idea in Scottish soil, he set out on another Continental tour for the purpose of gaining more knowledge, and also with the hope of effecting a lodgment of his great idea in the bosom of some other country wiser than his own. He went to Brussels and from that city to Paris. There he resumed his old occupation of gambling and won large sums. He held the faro bank at the house of Duclos, a celebrated courtesan of that period, and never began playing, so it is said, without 100,000 francs. He became acquainted with several gentlemen of the Court, and especially with the Duke of Orleans, who liked inventive minds, and was inclined to adopt his views. Chamillart at that time was the comptroller-general of the French finances and was ready to resign his office, for the burden was too great for him. Law explained his plan, but there was no intelligent listener. Moreover he was a Protestant, and of course Louis XIV would have nothing to do with him. Suspicion, too, was excited against him, for he displayed great luxury and won heavy sums from the courtiers. He was too much for them. Consequently M. d'Argenson sent an order to Law requiring him to leave Paris within twenty-four hours. He went to Italy and continued to gamble, winning immense sums. In that country he was presented to Victor Amédée, to whom he proposed his system of finance. Amédée replied that it was not adapted to a country in the midst of the Alps, and dismissed him, advising him to take his plans to France or Germany.

The Emperor of Germany was then trying to establish a bank. Failing to make any impression on him, Law returned to his own country. It is said that he had saved from gambling profits during these years \$400,000. He transferred this sum to France, and soon afterward went there himself. Louis XIV had died; the government of the country had fallen to the Duke of Orleans, who had been favorably impressed with Law, and the finances were in a deplorable condition; even the wisest could devise no effective relief. Demarest was Comptroller-General, and he had exhausted all expedients to raise money to carry on the war, in which the king had been engaged. He had issued Government stocks in every imaginable way in order to give them credit. Nevertheless they were worth only seventy or eighty per cent. So hopeless was the financial condition of the country that bankruptcy was proposed to the Regent. This proposal he spurned, declaring that he felt himself bound to excute all the engagements of the king.



At this moment Law presented his system to the Regent. He did not despair of France, for it was the most fertile and thickly populated country in Europe, and the most industrious. It had a revenue three times greater than that of England. In order to revive industry and relieve the oppressions under which it was ready to fall, Law believed that a good system of credit, having the confidence of the people, would prove a magical remedy in restoring completely the dying State to vigorous life. He proposed to found a bank which should collect the National revenues, carry on commercial monopolies, and supply a plentiful circulation of paper money.

The Regent listened with a favorable ear. He possessed a keen, bold mind; he had known Law for several years, appreciated his genius and favored his theories. But the Council of Finance, composed of sagacious but timid men, did not comprehend Law's plan, or were frightened by it, and determined to reject it. Law then modified it. He proposed simply a bank of discount and offered to establish it at his own expense. He presented several memorials on the subject maintaining that a bank would increase the currency by the issue of its notes, would render the remittances from one province to another more convenient, would re-establish confidence by the creation of money of a fixed value—bank money—would permit foreigners to make their contracts in France with a basis of fixed and certain value, and would contribute by all these means to the restoration of public and private credit. Law wished to make the experiment at his own risk and peril, and offered his property as a guaranty against any loss which might result. This plan, after much opposition, was adopted. The charter was issued the 2d of May, 1716.

The capital was fixed at 6,000,000 francs, and divided into 1200 shares of 5000 francs each. The bank was authorized to discount bills of exchange, to keep accounts with merchants, and to issue notes payable to bearer in coin of the weight and denomination of that day. The reason for this last provision was because the weight of the coins was continually changing by royal decree, always diminishing in value. One effect of these changes was to injure credit and impede trade. This last provision, therefore, was a very important one, for variations in the value of money would be no longer feared by those who should agree to pay and receive bank money, since they were certain of the amount of coin which must be paid in fulfillment of their contracts. Beside this guaranty offered to foreigners, the notes of the bank and its deposits were exempted from confiscation. The office of the bank was in Law's house, and the Duke of Orleans accepted the title of patron of the institution.

The uncertainty in the value of the coin and the high rates for money which then prevailed were conditions which greatly favored

the bank. The Government first used its notes, receiving and disbursing them. The holders of the bills, finding they were quickly redeemable by the issuer, acquired confidence in the bank. People were glad to use them and they facilitated payments.

The redemption by the bank of its notes in coin of a fixed value was an advantage thoroughly appreciated. "By stipulating for bank notes," says an authority, "it was certain that the contract was payable in coin of the weight and denomination of the second of May, 1716. This was a powerful reason for everybody to contract with that stipulation, and even to deposit their specie at the bank to obtain the notes. Foreigners, who had not dared to trade any more with Paris, on account of the uncertainty of values, also contracted for bank notes, and resumed the current of their business with France." The moderate charge for discount rendered the bank popular. Usury diminished, credit revived. At the end of the first year Law's prediction had been fully verified.

Having thus acquired the confidence of the public and the Regent, the latter was desirous of putting Law in the way of executing his entire scheme. The first step was to introduce the notes of the bank into the provinces in order to extend its influence. To accomplish this end, it was necessary to convert the notes sent there at their places of destination, or that such a use should be made of them as to secure their retention. This end was effected by an edict declaring that the notes would be taken by the Government in payment of duties, and the farmers of the revenue and their subordinates, in short, all the officers of the public treasury were ordered to give receipts for their value in specie whenever presented. This was the best method of aiding the general bank, and from that moment its notes were employed in making remittances from Paris to the provinces and from thence to Paris.

There was no longer any need of transporting specie from town to town; it was deposited either at the bank or the public treasuries, and exchanged for bank notes which were transmitted as a substitute. In this way the specie reserve of the bank increased, by withdrawing it from circulation and putting bank notes in its place. Law began to see the realization of his great scheme—a bank issuing paper money and having all the specie in the country as a reserve fund to secure its circulation. The expense of transporting specie was saved, the circulation was quickened, and Law devised a very simple means of rendering it more safe by requiring the sender of notes to indorse them. This indorsement did not operate as a guaranty, but simply as a means to prevent loss by theft. With these provisions for their redemption and transmission their circulation rapidly increased.

The success of the bank was complete. With a capital of only 6,000,000 francs it would issue ten times as many notes without

in the slightest degree disturbing confidence. The demand for its notes became greater daily, and the deposits of gold and silver increased. Law made all his notes payable at sight, and in the coin current at the time they were issued. This last was really a most salutary regulation, for the notes were at once rendered more valuable than the precious metals. The latter, as we have previously remarked, were constantly liable to depreciation by the action of the Government. A thousand livres of silver might be worth their nominal value one day and be reduced one-sixth the next, but a note of Law's bank retained its original value. He publicly declared that a banker deserved death if he made issues without having security to answer all demands.

In consequence of this declaration the notes advanced rapidly in public estimation, and were received at one per cent. more than specie. Law well knew the worth of brass, as well as gold and silver—a very familiar fact to many. In Law's case the use of the baser metal was far more effective for a time than the employment of gold and silver. Law truly had a powerful mind, and unbounded faith in his system, but a plentiful amount of brass was not less needful to achieve success. However great may have been his lack of principle and other qualities, not even his worst accuser has ever said that the brassy element in his nature was wanting.

It is not disputed by any historian that ere long the trade of the country felt the benefit of Law's system. Commerce lifted up its drooping head, the taxes were paid with greater regularity and less murmuring, and confidence in all departments of business revived. Within a year Law's notes rose to fifteen-per-cent. premium, while those issued by the Government as security for the debts contracted by Louis XIV were at nearly eighty-per-cent. discount. The comparison was so greatly in Law's favor that the credit of his bank grew mightily, and branches were established at several places.

Thus far all had gone well with this Scotto-French financial gambler. But he was scheming at greater things. He wished to concentrate into one concern the bank, the administration of the public revenues, and the commercial monopolies. To attain this end he resolved to organize separately, a commercial company, to which he would add, one after another, different privileges in proportion to its success, and which he would then unite to the general bank. In this way he hoped ultimately to complete his vast and daring scheme.

In execution of this step the West Indian Company was formed. The property to be held and managed by it was Louisiana, which at that time belonged to the crown of France. In the early voyages of discovery to our country, the Chevalier de Lasalle penetrated into America by Upper Canada, descended the river Illinois and arriving suddenly at a great river a mile and a half wide

abandoned himself to its current and was gently borne into the Gulf of Mexico. This was the Mississippi. Has the reader ever thought of the danger of that experiment? What, if instead of committing himself to the Mississippi, he had floated in his frail craft down the treacherous stream which connects Lake Erie with Ontario? We all know what would have been Lasalle's dreadful fate. Law, not content with sailing down the Mississippi, transferred his craft to the other stream, and in a short time, as we shall learn, plunged down the roaring cataract of Niagara.

Lasalle took possession of the country through which he passed for the King of France, and gave it the beautiful name which it has since borne. A colony was immediately established there, and glowing reports were received in France of the magnificence and fertility of the land. Valuable products were abundant, and mines richer and more extensive than those of Mexico and Peru. This was precisely the kind of property for Law to have, in order to tempt persons to engage in his enterprise. It was a genuine oil craze. There were millions in it, and he had studied the French temperament enough to know that their susceptibility to gullibility was one of the chief traits of French character. No Emma-Mine speculator ever had a more hopeful prospect of persuading the innocent and unsuspecting to invest than Law had of drawing Frenchmen into his Mississippi scheme.

The sovereignty of the country was duly transferred to the West Indian Company on condition of liege homage to the King of France and a crown of gold of thirty marcs at the beginning of every new reign. Furthermore, the exclusive right to the fur trade of Canada was granted to the Company. Its arms represented the effigy of an old river god leaning on a horn of plenty. The capital to be furnished was 100,000,000 francs, divided into 200,000 shares of 500 francs each. These were issued in the form of a note to the holder and transferable by simple indorsement. To insure a market for them and also to raise the National credit, the holders of State notes, which had been given in liquidation of claims against it, were permitted to give them in payment of stock to the amount of three-fourths of its value, and the other fourth in money. These State notes were at a discount of seventy or eighty per cent. and it was impossible for the Treasury to pay them. There were 250 millions of them in the market. By thus exchanging them for the stock of the company 75,000,000 would be absorbed, which would greatly relieve the market. The Government was to pay interest on them just the same as before, so that its obligations were not affected by the operation, but, as will be readily seen, the Government to the extent of the exchange ceased to be responsible to its members and their complaints ceased. If the entire sum of 75,000,000 francs were exchanged by their holders for stock in the new company, 175,000,000 francs of State notes would

still be held by individuals, but the cutting down of these obligations to that extent would furnish great relief, for the Government had nothing to fear from the company.

The shares did not in the beginning cause much excitement except among those who held State notes. The public generally remained indifferent, notwithstanding the marvelous stories told of the territory ceded to the company. The shares were sold below par, and this was to be expected, because only 25,000,000 of money had been paid, the balance, 75,000,000, had been paid in State notes, which, as we have said, were from twenty to eighty per cent. below par. Yet the absorption of so many of them by the company had the effect of raising the credit of the National securities. The bank bought some of them, but invested its capital of six millions in shares of the West Indian Company.

Law promptly began preparations for colonizing Louisiana. Vessels were armed and troops were embarked. To people this vast solitude, vagabonds and stout beggars, says Saint Simon, and a considerable number of public creatures were taken from Paris and the rest of the kingdom.

[ TO BE CONTINUED. ]

---

## NEW YORK SAVINGS BANKS.

The reports of Mr. Hepburn relating to the banks of New York are always instructive, and the last report relative to the Savings banks of the State forms no exception. The larger and most noteworthy portion of it, however, is devoted to insolvent Savings banks. There are sixteen of these in the hands of receivers, and their administration of the trust in most cases has been disgraceful. In 1879 a law was enacted requiring receivers to wind up their trusts within eighteen months unless an extension of time should be granted by the courts. The law, though, has been generally disregarded, and the receiverships have been continued for the benefit directly of the receiver himself and the clerks and lawyers whom he employs. So far as the courts have acted, their chief concern seems to have been to aid in executing the wishes of the plunderers rather than those of the plundered.

Two of the insolvent banks have been in the hands of receivers ever since November, 1871. One of them, the Guardian Savings Bank, though its receiver has promised or hoped to pay the depositors in full, but it has been nine years getting ready to pay a final dividend of less than five per cent. The other, the Bowling Green, with assets of less than \$316,000, has been over eleven years paying two dividends of twenty-five and ten per cent., amounting to about \$152,000, while the expenses have run up to nearly

\$76,000. Of this amount \$32,000 has gone to counsel, attorneys, referees, and stenographers, while more than \$20,000 has been paid to clerks and accountants. The receiver's fees and commissions amount to nearly \$14,000. The receiver can form no idea of the time when the business will be finally closed up, "because of several suits undetermined."

One or two of the cases are veritable curiosities. The Rockland Savings Bank failed June 19, 1877, with \$37,868.02 due depositors, and the efforts of five years and a half realized \$822.05 of assets, while the expenses of the receivership have been \$5.99 in excess of the receipts. The depositors have received nothing and will receive nothing. The management of the institution must have been quite brilliant, and if the officers had been allowed to pocket what money was left, the result would have been quite as satisfactory to the creditors. Another interesting case is that of the Yorkville Savings Bank, which failed in July, 1877. It was then owing only \$20,022.13 to depositors, but had managed to incur debts to other persons amounting to \$45,364.10. The receiver has managed, in five years and a half, to collect something over \$11,000, and to use up \$8685.50 of it in expenses, but the depositors are still waiting to see the first cent of their money. The receiver thinks there will be a very small dividend, but as he is uncertain when the business will be closed up on account of "two pending suits," he may yet be able to use up the balance of assets in fees and expenses. In most of the other cases the expenses bear an enormous proportion to the assets. The Sixpenny Savings Bank, whose failure in March, 1878, was such a surprise, has made an exceptional record in the matter of dividends, having paid about eighty-five and one-half per cent. but the expenses of the receivership have mounted up to \$114,241.89, nearly half of which has been absorbed by the receiver himself. Clerks and accountants have taken nearly \$30,000. In the case of the Third Avenue Savings Bank, which failed more than eight years ago, over \$90,000 has been spent in distributing one dividend of fifteen per cent. out of assets amounting to \$376,649.95. Of course, litigation is given as the cause of delay.

What remedy shall be applied to prevent such abuses? This question is carefully considered by Mr. Hepburn. He declares that the abuses will be measurably prevented by requiring reports, examinations, and their publication.

It seems strange, the report says, that reports made by the different receivers, under oath, in response to the same printed series of questions, should not admit of tabulation and comparison, yet such is the case. I am unable to gather but vague knowledge of their past, and still more vague ideas of their future. If there was ever a time in the history of Savings banks when the State owes it to depositors to expose the management of their funds to the light of publicity, it is while those funds are in the hands of a re-

ceiver. This is true as a general proposition—its truth is only too apparent in the light of the history of the failed banks. Regular examinations of Savings-bank funds in the hands of receivers should be made and annually reported to the Legislature. Other States have such laws and New York should. No one can make a study of the failed Savings banks without perceiving how much better it would have been for depositors, in many instances, had the deposits been scaled so as to render the banks solvent and, had they been allowed, to continue business.

The success of the scaling process, though only once tried in the State, was so great that the Superintendent recommends the passing of a law providing that, whenever a Savings bank becomes insolvent through depreciation of its securities, from any cause without fault on the part of the trustees, the Supreme Court, upon application of a majority of the trustees, and the superintendent of the banking department, shall ascertain the condition of the bank by examination or otherwise, and may, in its discretion, enter an order scaling the amount due to depositors, so as to render the bank solvent, and conferring upon the court power to remove trustees and to appoint others in their stead, and such other powers over the management of the bank as shall best conserve the interest of its depositors.

The institution to which the scaling process was applied was that of the Oswego City Savings Bank. In January, 1879, an order was issued by one of the judges of the Supreme Court that ten per cent. of the aggregate deposit or balance standing to the credit of each depositor in the bank on its books January 14, 1879, be charged to him and credited to the bank, and that no portion of the ten per cent. so charged and credited, should be paid or be payable to any such depositors until further order of the court. The court further ordered that no payment exceeding fifty per cent. should be made to any depositor without an additional order. All the trustees and officers of the bank were required to resign, and a new board of trustees selected, who elected new officers. It was further ordered that the bank might apply to the court from time to time for such order and direction as might be advisable, upon five days' notice to the Attorney-General. In pursuance of this order the bank opened its doors February 20, 1879, with a new board of trustees and new officers. August 1, 1879, the injunction order was so modified as to permit the payment of twenty-five per cent. additional, and on March 28, 1881, again modified, so as to permit the payment of fifteen per cent. additional—ninety per cent. in all. The bank will soon pay an additional five per cent. The result of this experiment has led the superintendent to recommend the legislative sanction of the method. Had it been applied in several other cases, Mr. Hepburn believes the depositors would have fared much better than they did. We append the following tables showing their condition since 1858:

GENERAL STATEMENT RELATING TO SAVINGS BANKS IN THE STATE OF NEW YORK ON THE FIRST DAY OF JANUARY IN EACH OF THE YEARS 1858 TO 1883 INCLUSIVE.

Year.	Deposits.	Increase or decrease in deposits.	Number of depositors or open accounts.	Average of each deposit.	Surplus as reported.	Per cent. of such surplus fund consisting of cash and loans.	Per cent. of available fund to total assets.	Amount invested in real estate.	Per cent. of assets invested in real estate.	Number of institutions.
January 1, 1858.	\$41,422,672		203,804	\$ 203.24	\$ 2,437,623	.0588	.1216	\$ 947,165	.0216	54
January 1, 1859.	\$3,194,847	\$6,772,175	239,074	273.697	2,472,658	.0513	.1224	1,072,845	.0212	57
January 1, 1860.	\$8,178,160	9,983,213	273,697	208.01	2,552,085	.0430	.1181	1,101,701	.0181	64
January 1, 1861.	\$7,440,307	9,262,237	300,603	224.28	2,948,195	.0437	.1233	1,042,305	.0148	71
January 1, 1862.	\$6,083,110	12,455,064	300,603	213.21	3,056,466	.0477	.1233	1,010,205	.0150	74
January 1, 1863.	\$6,518,183	12,455,064	347,184	220.45	3,846,102	.0503	.1233	1,111,470	.0138	71
January 1, 1864.	\$12,728,201	17,951,379	400,194	234.35	5,085,583	.0542	.1233	1,237,532	.0125	71
January 1, 1865.	\$13,737,361	17,951,379	456,403	244.82	7,590,174	.0679	.1233	1,314,408	.0110	73
January 1, 1866.	\$15,422,566	3,734,803	485,001	278.33	8,964,885	.0746	.1115	1,458,807	.0117	75
January 1, 1867.	\$16,206,588	19,358,488	537,466	281.18	11,110,861	.0736	.1260	1,737,030	.0123	86
January 1, 1868.	\$16,808,678	18,083,116	588,556	288.51	12,088,216	.0712	.1260	2,387,280	.0147	102
January 1, 1869.	\$19,360,217	24,551,539	651,474	296.80	14,023,880	.0722	.1220	2,773,834	.0150	110
January 1, 1870.	\$20,740,426	30,380,191	712,109	324.03	14,553,397	.0618	.1236	3,285,608	.0157	133
January 1, 1871.	\$27,005,826	37,136,418	776,700	344.92	14,738,491	.0550	.1279	4,140,681	.0167	136
January 1, 1872.	\$28,286,621	17,330,805	822,642	346.79	19,776,864	.0603	.1115	5,700,987	.0205	147
January 1, 1873.	\$28,520,085	23,434,464	839,472	346.12	21,448,796	.0731	.0944	6,460,430	.0212	150
January 1, 1874.	\$30,935,649	18,415,564	872,498	348.35	24,310,086	.0800	.0919	7,435,328	.0242	155
January 1, 1875.	\$31,020,202	15,324,553	859,738	371.35	33,689,701	.1055	.0842	8,508,861	.0262	158
January 1, 1876.	\$31,677,285	†	849,639	372.72	34,176,603	.1079	.0697	9,595,173	.0271	154
January 1, 1877.	\$31,823,038	†	844,550	370.40	32,090,550	.1024	.0704	10,367,704	.0295	150
January 1, 1878.	\$29,074,639	†	810,017	369.22	34,553,262	.1155	.0737	11,215,402	.0323	138
January 1, 1879.	\$30,285,501	20,183,862	864,456	369.32	34,781,952	.1155	.0737	12,121,445	.0383	132
January 1, 1880.	\$33,629,657	34,371,156	951,707	379.79	37,099,094	.1089	.0735	10,430,579	.0244	128
January 1, 1881.	\$38,834,893	34,203,236	1,036,106	374.32	55,644,756	.1419	.0682	9,527,517	.0215	127
January 1, 1882.	\$41,147,213	24,314,320	1,095,971	376.05	60,630,827	.1471	.1105	8,630,319	.0182	127

\* \$ 3,357,278 decrease.

† Decrease \$2,582,917.

increase in the aggregate of deposits of the Savings banks that failed during the year was \$5,097,310. There was, therefore, an increase of \$3,824,227. The amount of deposits January 1, 1877, of Savings banks that failed during the year was \$2,514,393.

† Decrease \$3,824,227. The amount of deposits January 1, 1877, of Savings banks that failed during the year was \$2,078,218. The decrease in deposits of Savings banks continuing business was \$1,776,009.

‡ Decrease \$1,776,009. The amount of deposits January 1, 1878, of Savings banks that failed during the year was \$3,170,017. The decrease in deposits of Savings banks continuing business was \$10,578,402.

§ The surplus shown January 1, 1879, was based upon market value of stocks and costs of real estate, while the surplus of January 1, 1880, is based upon market value of stocks and real estate. Upon this latter basis the surplus of January 1, 1879, is \$31,723,884, making a gain in surplus for the year of \$3,058,128.

\*\* Real estate was reported January 1, 1879, at cost, and January 1, 1880, and each succeeding year, at estimated market value.





## THE SAVINGS BANKS OF SWEDEN AND NORWAY.

In the year 1840, when the first statistics of the state of the Savings banks in Norway were collected, there were twenty-two institutions in the country, of which three were rural banks, whereas in the year 1880 they numbered 311, of which 249 were rural; an increase, therefore, in their number of seven banks a year. In proportion to the population of the country there was, in 1840, one bank per 57,347, and in 1880, one per 6190 individuals.

In Sweden, where the first Savings bank was founded in 1813, there were, in the year 1840, fifty-eight Savings banks, which, in 1880, had increased to 340; of which 252 were rural banks; an average increase, therefore, in their number also in this country of seven banks a year; while in the former year there was, in proportion to the population of Sweden, one bank per 54,119, and in the latter, one per 13,429 individuals. These figures show, that the increase in the number of the Savings banks was larger in Norway, while there are more than double the number of rural banks in Norway than in Sweden, according to the relative population of the two countries.

The number of depositors in the two countries in 1880 was—

In Norway..... 316,445 .. In Sweden..... 762,638

or, per 1000 inhabitants—

In Norway.... 164 depositors. .. In Sweden.... 167 depositors.

which latter figures show more favorably for Sweden, a circumstance which becomes still more apparent when the relative increase in the population of the two countries during the last ten years is taken into account.

In Norway there were thus, in 1870, 112 depositors per 1000 inhabitants, against eight-five in Sweden; these have, therefore, nearly doubled in ten years in Sweden, but only increased with about fifty per cent. in Norway.

The amount of the deposits with the Savings banks has increased every ten years as follows:

In Norway, 1840.....	Kr.	6,687,000	(£ 371,500)
" 1850.....	"	16,721,000	(£ 929,000)
" 1860.....	"	43,903,000	(£ 2,440,000)
" 1870.....	"	81,667,000	(£ 4,537,000)
" 1880.....	"	138,511,000	(£ 7,700,000)
In Sweden, 1840.....			
" 1850.....			
" 1860.....	"	27,292,000	(£ 1,516,000)
" 1870.....	"	57,377,000	(£ 3,187,200)
" 1880.....	"	146,072,000	(£ 8,115,100)
(£ 1 sterling = 18 kroner).			

Since the year 1860, therefore, the capital deposited with the Savings banks in Norway has been more than trebled, and in Sweden more than quintupled; but the totals show, as regards the capital-accumulating capacity of the countries as expressed by Savings banks, a decided preponderance in favor of Norway.

The following figures show the differences as regards the amounts deposited and the amounts withdrawn in the two quinquennial periods 1871-1875 and 1876-1880.

In the period 1871-1875 the deposits increased :

In Norway by.....	Kr. 46,007,000	(£ 2,556,000)
Of which the interest amounted to.....	" 20,963,000	(£ 1,163,600)

Leaving a surplus deposit of.....	Kr. 25,044,000	(£ 1,392,400)
-----------------------------------	----------------	---------------

In Sweden by.....	Kr. 76,743,000	(£ 1,264,600)
Of which the interest amounted to.....	" 22,763,000	(£ 4,263,500)

Leaving a surplus deposit of.....	Kr. 53,980,000	(£ 2,998,800)
-----------------------------------	----------------	---------------

In the period 1876-1880 the deposits increased :

In Norway by.....	Kr. 10,837,000	(£ 602,000)
And as the interest amounted to.....	" 31,871,000	(£ 1,770,000)

The amounts withdrawn in excess of the deposits were.	Kr. 21,034,000	(£ 1,168,000)
---	----------------	---------------

In Sweden by.....	Kr. 11,953,000	(£ 664,000)
And as the interest amounted to.....	" 33,189,000	(£ 1,843,800)

The amounts withdrawn in excess of the deposits were.	Kr. 21,236,000	(£ 1,179,800)
---	----------------	---------------

In the latter period, the years 1879 and 1880 are very remarkable by the large amounts withdrawn from the Savings banks, which, however, I consider may be accounted for by the bad harvests and the detrimental political agitation in Norway, tending towards an increased emigration.

As regards the reserve funds of the Savings banks of Sweden and Norway, it appears that at the end of 1875 there was only *one* Savings bank in Sweden whose reserve capital had reached the amount required by law, viz., ten per cent. of the amount of the deposits, plus interest.\* This was the Kalmar Savings Bank (10.7 per cent.), whereas the average reserve capital of the other Swedish banks only amounted to 5.8 per cent. of the funds deposited.

In the year 1880, on the other hand, the average reserve capital of the Swedish Savings banks was 7.8 per cent., while the banks where it exceeded ten per cent. were four, viz., Kalmar, 13.6 per cent.; Halland, 12.4 per cent.; Elfsborg, 11.4 per cent.; Jemtland, 11.4 per cent.; Kopparberg, 10.7 per cent. Only seventy-four of the 340 Savings banks in Sweden possessed in the year 1880 the minimum reserve capital stipulated by law.

As regards the investment of the funds of the Savings banks, we find some interesting and remarkable differences in the two countries. At the end of 1880 the funds of the Savings banks were invested as follows:

	<i>In Norway.</i>	<i>In Sweden.</i>
In bonds shares, etc.....	7.9 per cent.	16.40 per cent.
Loan on mortgage.....	8.5 "	42.70 "
Loan on personal security.....	76.3 "	30.76 "
In cash, etc.....	6.8 "	10.50 "

These figures are wholly in favor of Sweden; and they show that the investment of the funds of the Savings banks in bonds

\* The Law of 1875 re Savings Banks stipulates that no dividend may be distributed unless the reserve capital amounts to ten per cent. of the funds deposited with the bank thereon.

and shares and advances on mortgage is more common in Sweden than in Norway, and greater in proportion to the extent of the business transactions of the bank, whereas advance on personal security is effected more in Norway than in Sweden, and chiefly by the minor Savings banks, *i. e.* with a capital not above Kr. 50,000 (£2700). With the latter it amounts to about seventy-five per cent. of the entire investments, but with banks possessing a capital of one million Kroner, only to twenty per cent. In Norway, on the other hand, the advances effected on personal security were—with the rural banks eighty-nine per cent. and with the banks in the towns seventy per cent. of the funds, while with the above-mentioned seventeen largest banks the advances on such security only amounted to sixty-eight and one-half per cent., and with the remaining to eighty-five per cent., in average. With regard, therefore, to the safe investment in the two countries of the funds deposited with the Savings banks, these figures show excessively in favor of Sweden, although such large advances on personal security bespeak a healthy commercial condition of Norway; but it should be pointed out, that the advantage becomes somewhat reduced by the smaller reserve capital of the Swedish Savings banks.

The average expenditure in the management of the Scandinavian Savings banks is, in Sweden three-fourths per cent. and in Norway one-half per cent., but much less with the larger banks.

In concluding this review, it must be added, that judging by these statistics of the thrift of the two nations, the bulk of the population in Norway has attained a financial prosperity which that of Sweden cannot reach in less than twenty to thirty years, and if no political agitation in the former country should disturb the progress made during the last forty years, Norway will leave Sweden far behind in the international race of capitalization.—*London Bankers' Magazine.*

## HISTORY OF STATE REPUDIATION.

With Mississippi belongs the doubtful honor of originating the financial acrobatic feat of paying debts by repudiating them. Forty years ago she attracted the astonished and indignant attention of the entire country and the derision of the greater portion of Europe by the agility with which she hushed her creditors. The word repudiation, in the sense in which it is now generally employed, was first used by Gov. McNutt of Mississippi, in his message to the Legislature, in January, 1841. During the fourth decade, commercial activity had been stimulated to a feverish degree and many of the States had borrowed money for investment in State enterprises to such an extent that there was little probability of their being able to meet even the payment of interest.

The Northern States usually invested their borrowed capital in improvements that would aid in developing their resources, canals or railroads being the two commonest methods. The Southern States, as a general thing, borrowed extensively and went into large banking operations; while in the West the two methods were united. When the financial disaster of 1838-39 came the States that had borrowed so heavily found that their credit was gone,

their treasuries empty, and their citizens so straitened that even the usual taxes were an almost insupportable burden. It was from such a predicament as this that Mississippi entered upon her shameful career of repudiation. In 1832, the State subscribed \$2,000,000 to the capital of the Planters' Bank and in 1838 \$5,000,000 as her portion of the capital of the Union Bank.

#### NEW WAY TO PAY OLD DEBTS.

With regard to the bonds in the case of the Union Bank, their constitutionality was not questioned until the bank had become hopelessly insolvent. Then it was claimed that a provision of the constitution had been violated in issuing them, and it was declared by the Governor and many prominent citizens that they should not be redeemed, although they had been in circulation more than two years and had been repeatedly acknowledged by the State. The Legislature indignantly resented the Governor's recommendation, but he held his point; the matter was brought before the people as an issue in 1842 and repudiation won the day.

The Legislature elected under this issue, denied that the State was under any legal or moral obligation to redeem the bonds. Thus the matter rested for ten years when suit was brought against the State by some of the holders of the bonds. The Chancellor of the State, and also the High Court—in appellate jurisdiction—decided that the State was legally and morally bound for the redemption and payment of the bonds. This decision met with violent opposition, and the bonds are still unredeemed. Payment of interest upon the bonds of the Planters' Bank was punctually kept up from the time they were issued in 1832 until 1839. After this they were repeatedly recognized by the State, but no provision was made for their settlement. In 1852, the question having been submitted to the people, the bonds were repudiated. Since that time the only instance of indifference to financial obligations in this State was in 1877, when the Legislature authorized the city of Vicksburg to compromise its bonded indebtedness by issuing new bonds at a rate not exceeding sixty-five cents on the dollar and excluding the accumulated interest.

Notwithstanding the general disapproval of the course taken by Mississippi, the State had many and able defenders, especially among her own citizens, notable among whom was Jefferson Davis. The financial difficulties into which most of the States were plunged at that time made the theory of repudiation seem more plausible, because it was so nearly in harmony with the state of their treasuries; and from Mississippi it spread like a contagion over the Southern, Middle and Western States. In 1850 eight States had made declarations more or less decisive of the doctrines of repudiation; but most of these afterwards redeemed their credit.

#### THE VICE IN VIRGINIA.

The origin of the trouble in Virginia dates from this period of State enthusiasm over the borrowing and investing of money. The main portion of her debt was contracted in 1838 by borrowing money for the purpose of making internal improvements. No difficulty was felt by the State until after the civil war, when the complications continued to increase until 1871, then an attempt was made to fund the debt. But instead of extricating herself she got into worse entanglements. The debt at the close of the war amounted to \$45,000,000, of which one-third was set aside for set-

tlement with West Virginia. Provision was made for funding the remainder in six-per-cent. bonds, and the process of funding was going on with rapidity. But West Virginia soon began to insinuate that she would not acknowledge so large a portion of the debt. The rate of taxation proved insufficient to meet the State expenses and the accruing interest and payment of the accumulations of unpaid interest. Under these considerations the funding process was stopped until the bill could be modified. Thus affairs continued in various phases of entanglement until 1879, when the excitement over the public debt had divided the people into the two parties of the Debt-Payers and the Readjusters. The repeal of the Funding Bill, passed the previous year became the main issue.

#### A FIGHT FOR FUNDING.

The plan of this bill was to issue bonds with principal payable in forty years and bearing interest at three per cent. for ten years, four for the next twenty and five for the last ten years. The Readjusters made a strong opposition to this plan of settlement, formally withdrawing from the Democratic party in February 1879. The substance of their objection to the bill was that the people could bear no higher rate of taxation; that the necessary expenses of the Government, the schools and charitable institutions, must first be cared for out of the existing revenues, and within the remainder must be brought the annual interest on the recognized indebtedness; and that with such a settlement the creditors must be satisfied as the farthest action upon which they can insist, since it is the utmost stretch of the people's ability to pay. Mr. Mahone's recent utterances are in the same line of argument, the cardinal principle of his belief seeming to be, that the poorer a country is the lower the rate of interest it pays. The Legislature of 1879-80 passed an act repudiating above \$13,000,000 of the State debt and cutting off half the promised interest on the residue. But the governor vetoed the bill, considering it to be a violation of the constitution of both the State and the United States. The Readjusters endorsed the vetoed bill and censured the Governor's action.

The question of the debt has now grown into a party issue. There has never been an adjustment of the amount of the debt to be assumed by West Virginia. Virginia insists that she shall take \$15,000,000, but in 1879 George Matthews of West Virginia was authority for the statement that the State was willing to be charged with all public improvements within her borders and with her proportion of the current expenses since 1824, and to be credited with all the taxes paid into the State treasury since that date by the counties of which she is composed. He estimated that upon this basis Virginia would be indebted to the new State about \$500,000. Thus a large portion of the debt is practically disowned.

#### FLORIDA AND THE MISSISSIPPI PLAN.

Long since, while in the territorial stage of her existence, Florida repudiated her debt, upon arguments similar to those advanced in Mississippi, but, notwithstanding this fact and that her constitution denied to the Legislature the power of levying any tax for the purpose of paying the repudiated bonds, she was admitted to the Union without an observation on the subject.

Louisiana originated the idea of a State borrowing money for the purpose of carrying on banking operations, and she still carries the result of her enthusiasm in that direction. For years she has simply ignored a number of her bonds, to the amount of four or five million dollars, which, forty years ago, were loaned to the property banks, and the banks failing the State became liable for the payment of the bonds. She has made no effort to pay them, and they are now not even included in the statement of her indebtedness. Since the war the State has been financially embarrassed to the last degree. In 1873 partial repudiation was hinted at. In 1874 the debt was scaled at sixty cents on the dollar. In 1879 the Constitutional Convention questioned the legality of this proceeding and discussed it long and heatedly; a number of methods of disposing of the debt was proposed—least considered of which was that of paying it—but it was finally decided to submit the funding bill to the people, by whom it was ratified. At the same time an ordinance was adopted fixing the interest on the consolidated bonds at two per cent. for five years, three for fifteen years, and four per cent. thereafter, and giving to creditors the option of receiving other bonds at the rate of seventy-five cents on the dollar of the new bonds and bearing four per cent. interest.

#### TENNESSEE IN THE TOILS.

Tennessee has been in default on the interest of her State bonds for the last ten years. In 1877 an offer of the creditors to compromise at sixty cents on the dollar with six per cent. interest, known as the sixty-and-six proposition, was rejected by the State. Two years later the Legislature passed a bill funding the greater part of the debt at fifty cents on the dollar with interest at four per cent. This plan of settlement was accepted by the creditors, but when submitted to the popular vote was rejected by a large majority. The vote was understood to be the expression of a popular sentiment in favor of repudiation. The debt originated in 1833 in the issuing of bonds to the Union Bank of Tennessee. From 1838 to 1857 bonds were issued to more than forty different companies, and the State has issued in bonds, in all, over \$67,000,000. The present indebtedness is about \$30,000,000. The disposal of the debt has become largely a party issue.

For many years Indiana lingered perilously near the verge of repudiation. She simply ignored for nearly thirty years a debt into which her extravagance during the era of general State extravagance had carried her. In 1846 she effected a compromise with her creditors which released about half of her indebtedness; but a portion of her creditors refused to enter the compromise, and no steps were taken toward paying either interest or principal of these bonds, although it was urged by several governors, until 1872, when the necessary provision was made.

In 1872 Missouri was guilty of a breach of faith which while it was not repudiation, pure and simple, yet savored of it somewhat. In that year fell due bonds issued twenty years before. In each of these bonds the State gave her promise to pay in gold or silver coin. But the act under which they were issued not containing these words the Legislature decided and passed the resolution over Gov. Brown's veto, that they should be paid in legal tender. The State Supreme Court decided that previously to the passage of this resolution they were payable only in gold or

silver, but that the law-making power having interfered and directed how they should be paid the court had no power to require payment otherwise, although of opinion that the legislative body had failed to meet the State's obligations.

Then there is Minnesota. The trouble in that State originated in 1858. There was a provision in the constitution limiting the State debt to \$250,000, but the desire of the people for the construction of certain railroads was so great, the inducements were so strong, and the conditions seemed so favorable that in 1858 an amendment to the constitution was adopted authorizing the State to loan its credit to these enterprises to the amount of \$5,000,000. The companies accepted the provisions of the loan, and bonds to the amount of \$2,275,000 were issued, but a distrust of the companies arose, and a warfare was begun against them which prevented them from being able to negotiate their securities and they became insolvent.

In 1860, because of the failure of the first company, an amendment to the constitution was adopted expunging that of 1858 and forbidding all payment of the bonds then issued until such provision shall have been ratified by the people. At the beginning of 1882 the principal and accumulated interest of the bonds amounted to \$5,850,000. The Legislature last winter passed an act scaling the bonds at fifty cents on the dollar and creating a special tribunal to decide upon the constitutionality of the expunging amendment of 1860. The Supreme Court of the State has decided this act unconstitutional, on the ground that the Legislature had invested a commission with powers they had no right to delegate. It has also declared that the amendment of 1860 is void, because it conflicts with that clause of the United States constitution which forbids any State to pass a law impairing the obligation of contracts.

Other Southern States which have attempted in one form or another, to dodge the payment of their debts are North and South Carolina and Georgia.—*Boston Commercial Bulletin*.

---

## LIABILITY OF A BANK FOR THE CONDUCT OF ITS CASHIER.

Recently there was tried in Cincinnati, a case involving the question of the liability of a bank for the operations of its cashier. The case was that of *Moore v. Citizens' National Bank of Piqua, Ohio*.

Robert B. Moores, a relative of the plaintiff, and, at the time, the defendant's cashier, desired to borrow money from the plaintiff, and she was willing to make a loan upon satisfactory security. Moores represented that he owned a large amount of the defendant's capital stock, and promised to transfer ninety-one shares, of \$100 each, on the books of the company to the plaintiff, and issue a certificate to her therefor. He made out a certificate in the usual form, in which it was certified that the plaintiff was entitled to ninety-one shares at \$100 each, transferable on the books of the bank by the plaintiff in person, or by her attorney, on the surrender of the certificate. Upon the faith of this certificate, which the plaintiff then believed to be a valid evidence of the ownership of the stock called for therein, the plaintiff loaned Moores \$9,100.



It was conceded that she did not then possess any personal knowledge of the fraudulent character of the certificate. But although the books of the defendant showed that Moores was the owner of 275 shares of the capital stock of the defendant at that time, the same had been transferred and hypothecated by him to others, and that, in point of fact, he did not own any stock, but in order to supply the security for the loan according to his promise he, without authority from the bank, fraudulently issued the certificate to the plaintiff.

Discovering its character, the plaintiff sought to recover from the bank. In charging the jury, Judge Baxter said: "If we accept the plaintiff's theory of the law, to wit: that a party purchasing or loaning money in good faith upon a certificate of stock, bearing the genuine signatures of the corporate officers authorized and charged with the duty of transferring stock on the books of the company and issuing certificates of ownership therefor in the usual form, and regular in all respects upon its face, without any knowledge of its fraudulent or spurious character, he is entitled to recover from the corporation the damages sustained by reason of the spurious, fraudulent, and invalid character of such certificate. This court, as at present advised, entertains the opinion, and so instructs you, that no such recovery can be had upon the facts proved in this case. If a recovery could be had in any case it could only be had by an innocent holder for value. The plaintiff is, in the ordinary sense, an innocent holder; that is, she relied on Moores's representations, believed he owned stock in the defendant's corporation; relied, no doubt, in good faith upon his promise to have ninety-one shares thereof transferred to her, and accepted the same in the belief that the certificate was issued by authority in the due course of his business in lieu of stock belonging to him and which he had surrendered and caused to be canceled. But it must be borne in mind that Moores, in his efforts and negotiations to borrow, was acting for himself, and not as cashier of the bank. His representations that he was the owner of a large amount of defendant's capital stock were not official representations, and cannot, upon any principle of law known to this court, bind the bank. They were but the representations of an individual contending with pecuniary embarrassments, and if believed to be true and acted upon by the plaintiff, and loss resulted therefrom, the bank is in no way responsible for the same. As cashier he was but the agent of the defendant and could only bind it within the scope of his authority and in the regular course of business; but Moores, when assuming to borrow money either for himself or his friends, was acting for himself in a matter in which the bank had no interest, and it, therefore cannot be affected by anything that he may have promised or said as an inducement to make the loan. The plaintiff having had knowledge of the fact that the agent was acting for himself in the matter of the transfer of this stock, that Moores, the cashier, upon whom she relied to have the stock transferred to her, was acting for himself as well as in the capacity of cashier—that is, acting for the bank upon one side and for himself on the other side, in reference to the matter of issuing this certificate—then she is not, in the judgment of this court, an innocent holder of the stock, and as the certificate was issued without authority and in fraud of the rights of the bank, the court instructs you that the plaintiff is not entitled to recover in this action. Your verdict will, therefore, be for the defendant."

## LIABILITY OF CASHIER.

SUPREME COURT OF KANSAS.

*The First National Bank of Fort Scott v. Drake.*

1. Where Directors of a corporation appoint one of their number to act as Treasurer, Secretary, or other ministerial officer of the corporation, he is *prima facie* entitled to reasonable compensation for his services as such officer.

2. Where he assumes the duties of such ministerial officer upon an express contract as to compensation, such contract controls, and this though the contract is to discharge the duties without any direct compensation in money.

3. An agent of a corporation, who, as an individual, purchases the properties of the corporation from himself as agent, cannot uphold such purchase by proof that he agreed to pay what he thought the property was worth, but is liable to the corporation for the actual value of the property, so by him purchased.

4. Ratification implies knowledge, and a party cannot be adjudged to have ratified an act of which he has no knowledge actual or constructive.

5. The doctrine that the Directors of a bank are conclusively presumed to know the financial condition of the bank, its general business, and its receipts and expenditures as shown by its regular books is for the protection of third parties dealing with the bank, and of the bank against prejudicial action of any Director, and cannot be invoked to uphold a wrongful appropriation of moneys by the Cashier or other officer, which appropriation is made and also entered upon the books of the bank without the actual knowledge of the Directors.

6. It is no defense to an action brought by a bank against its late Cashier for a wrongful appropriation of moneys, that at the time of such appropriation he was the owner of four-fifths of the stock of the bank, and has since that time sold all of said stock to other parties, who are now the officers and managing authority of the bank.

The opinion of the Court was delivered by BREWER, J.

This was an action in the District Court of Bourbon County, brought by plaintiff in error, plaintiff below, to recover of defendant money claimed to have been wrongfully appropriated by him while acting as officer of said plaintiff bank. The case was tried by the court with a jury. At the close of plaintiff's evidence, a demurrer thereto was sustained and judgment entered in behalf of the defendant. And now the plaintiff brings the record here for review. There are three separate transactions alleged in the petition, and supported by the testimony, in respect to each of which the plaintiff claims the right to recover. The facts are these: The plaintiff since 1871 has been a National bank, incorporated under the laws of Congress. During all of the transactions, hereinafter stated, defendant was one of its Directors. Prior to May 7, 1877, one L. C. Nelson had been its Cashier under a salary prescribed by the Board of Directors, of \$1800 per annum. At that time he resigned and defendant was appointed his successor, and continued to act as Cashier until July 7, 1880. The plaintiff claims that this change of Cashier was made in the interest of economy and upon the agreement upon the part of the defendant that if he could have office room in the bank building for the transaction of his private business, and could keep his private safe and papers there, he would discharge the

duties of Cashier without compensation; and that notwithstanding this agreement the defendant did charge upon the books of the bank and appropriate to himself the sum of \$3165.50 as salary as Cashier.

2. The bank claims that by one of its rules no interest was payable on demand certificates of deposit; that this rule was known to the defendant as its Cashier and enforced by him generally as to third parties; but that notwithstanding this he caused to be issued to himself demand certificates, drawing large interest and took thereon from the funds of the bank as interest on such certificates the sum of \$2203.97.

3. That the bank was the owner of \$10,000 of Bourbon County bonds for which it had paid \$9314.80 and that the bonds were at the time of the following transaction worth par and accrued interest; that as officer of the bank defendant sold these bonds to himself for \$9300, \$14.80 less than the bank paid for them, and \$846.60 less than they were worth.

These are the three matters of which the plaintiff complains, and in support of which it offered testimony. We shall not attempt to review the testimony or state in detail what it was. It is enough to say that there was testimony tending to sustain the plaintiff's claims; testimony from which a jury might find the facts to be as alleged. We do not say that the jury must necessarily have found them to be so, but simply that they might have so found them. Hence, for the purposes of this inquiry, they must be taken as so found, for it is a familiar rule in respect to demurrers to evidence that they can be sustained only when upon any and all facts which may properly be found by the jury from the testimony presented. The plaintiff, as matter of law, is not entitled to recover. So without attempting to weigh or compare conflicting matters of testimony, or to conjecture what the jury would probably have found to be the facts, it must be accepted for the purposes of the present inquiry as true, (1.) that defendant was appointed and accepted the position of Cashier upon the agreement that he would discharge its duties without compensation, other than office, safe, and desk room for his private business; and, notwithstanding such agreement, actually took and appropriated to himself of the funds of the bank the sum stated as compensation.

2. That the rules of the bank, known to himself, forbade interest on demand certificates; that in defiance of those rules he caused to be issued to himself demand certificates drawing interest, and actually took from the funds of the bank, the sum stated, as interest on such certificates.

3. That as an officer of the bank he sold the Bourbon County bonds, worth par and accrued interest as above stated, to himself for \$846.66 less than they were worth. These being facts, can the plaintiff recover, and if not, what legal obstacle to recovery appears? The defendant denying, of course, some of the facts, above stated claims that even if they be literally true, all the transactions were duly entered on the general books of the bank, open to the inspection of the officers and Directors; that in law the Directors are conclusively presumed to have known the fact of these entries as well as his entire action in respect to these matters, and that thereby they acquiesced in and ratified his action. In other words, that the Directors might in the first instance have bound the bank by giving him the sum taken as salary, and that knowing he was so taking it they acquiesced and

ratified the act, which is the same as though in the first instance they had contracted to give it to him. Also, that they could lawfully and properly agree to pay interest on demand certificates as well as upon any other indebtedness of the bank; that if they deemed the interest of the bank required they could pay interest to one party and not to another. In short that their judgment as to the best interest of the bank in the matter of interest was finally conclusive, and that their knowledge that he was taking such certificates and such interest was equivalent to a direct authority therefor, and bound the bank to the same extent that a prior resolution directing it would. And also, that they had power to sell any of the properties of the bank for such a sum as they deemed best; that their action could not be repudiated by the bank simply by proof that the property was in fact worth more than they received; and that their knowledge that the property was sold for such a sum is equivalent to a sale directly by their authority. Furthermore, it is contended that during all these transactions the defendant was a large owner of the stock in the bank; that at the time of the bond matter he in fact owned over four-fifths of the stock, which in October, 1880, he sold, and that the purchaser then bought into the bank, taking the assets as they were and with no right to challenge prior transactions between the bank and its officers. As the learned court, before whom the case was tried, said in the opinion sustaining the demurrer, "Drake himself was practically the bank, its assets and its property were his, the profits if any were his, the losses if any were his, and he could do with his funds and his assets just what he pleased; but, of course, as before stated, he could not mismanage or misappropriate the funds of the bank against any depositor, or creditor, not consenting; and, if he should do so, the law could, and in a proper action would, redress their grievances. But no *cestui que* trust is alleging any grievance here. The action is brought in the name of the bank by the present owners, who purchased the bank from Mr. Drake himself, and without alleging any fraud upon themselves in their purchase, without alleging that they did not obtain all they purchased, they seek to recover what they did not buy nor pay for, by going back and alleging that during his management he reduced the assets of the bank by paying himself a salary he was not entitled to, by paying himself interest upon deposits for which he held certificates, and by purchasing bonds from the bank at less than their value."

It will help to a clearer understanding of the questions involved to consider the rights of the parties independently of the two matters of defense suggested, and here we find two propositions involved: (1.) An agent contracting to work for his employer at a stipulated compensation and being in the possession of his employer's funds, appropriates a large amount in payment of his services. (2.) An agent acting on behalf of his principal, contracts with himself to the prejudice of the interests and against the instructions of his principal. The bare statement of these propositions is enough. If A agrees to work for B for \$100 a month, that contract determines the limit of the compensation. The same rule obtains if instead of money compensation he contracts to work for office, desk, and safe room. The contract measures both rights and obligations. The agent alone may not change it, and this notwithstanding his services may have been of incalculable

benefit to his principal. His possession and control of the funds of his principal give him no added rights. A failure to return all funds and properties of such principal in excess of the stipulated compensation gives to such principal a clear and undisputed right of action. Neither is the rule changed by the fact that the principal is an incorporation and the agent its chief executive and managing officer. These propositions are elementary. The authorities not only universally sustain them but in addition, in cases in which a Director of a corporation is the agent seeking additional compensation, go far beyond them. In *R. R. Co. v. Richards*, 8 Kas. 109, the court says: "If the services were rendered with an understanding that they were gratuitous, then there could be no recovery."

In *Loan Association v. Stonemetz*, 29 Penn. 534. A Director, Stonemetz, was chairman of the committee on short loans. The labor performed by him in that capacity was quite burdensome. No salary for these services had been agreed upon, but a year and a half after his appointment the Board of Directors fixed the salary at \$200 a year, this to date from the time he first acted, and issued him an order for \$300 to pay for that back salary. Payment of the order being afterwards refused, he brought suit and recovered in the lower court. The Supreme Court in reversing this judgment says, page 536:

"We regard it as contrary to all sound policy to allow a Director of a corporation, elected to serve without compensation, to recover payment for services performed in that capacity or as incidental to his office. It would be a sad spectacle to see the managers of any corporation, ecclesiastical or lay, civil or eleemosynary, assembling together and parceling out among themselves the obligations or other property of the corporation in payment for their past services."

"The expectation of a Director that he was to receive compensation, there being no previous vote or promise, does not entitle him to it."

"The rule which excludes compensation applies to the President chosen by the Directors from their own number, and also to a Treasurer when a Director."—*Pierce on R. R.*, p. 31.

In *Citizens' National Bank v. Elliott*, Iowa, December, 1880, (7 N. W. Reporter), the Vice-President of a National bank rendered "valuable and efficient" services, worth \$100, but the court said he could not recover except his salary had been fixed or agreed upon beforehand by the Board of Directors of the bank. "A corporate officer who performs the duties of his position is not in the absence of agreement with the corporation, entitled to any compensation therefor."

Nor can the Directors, after the services have been performed, pay for such services, unless per contract theretofore made; the reason is that the Board cannot give away the money of the stockholders. They can be liberal or charitable with their own private funds, but as agent cannot be liberal with money of their principal.

"A subsequent vote of the Board to pay a Director for his services, when there was no previous agreement, is not binding." (*Pierce on R. R.*, p. 31.) See also *Chandler v. Bank*, 1 Green, N. J. 255, 13 N. J.; *L. R. R. Co. v. Miles*, 52 Ill. 174; *Merrick v. Peru Co.*, 61 Ill. 473; *R. R. Co. v. Sage*, 65 Ill. 328; *Cheney v. Lafayette R. R. Co.*, 68 Ill. 570; *Cheney v. Lafayette R. R. Co.*, 87

Ill. 446; *Linen Co. v. Hough*, 91 Ill. 63; *Henry v. R. R. Co.*, 27 Vt. 435; *Hall v. R. R. Co.*, 28 Vt. 401; *Hodges v. R. R.*, 29 Vt. 220; *Fraylor v. Sonora Co.*, 17 Cal. 594; *Ins. Co. v. Crane*, 6 Met. 64; *R. R. Co. v. Ketchum*, 27 Conn. 170; *Levisse v. R. R. Co.*, 27 La. Ann. 641; *Rodgers v. Hastings Co.*, 22 Minn. 25; *S. C. Asst. v. Meredith*, 49 Md. 389; *Baily v. Buffalo*, 14 Hun. 483; *Jackson v. R. R. Co.*, 2 Thompson, etc. 953.

In *Holder v. L. B. & M. R'y Co.*, 71 Ill. 109, the plaintiff, Holder, a Director, served as Treasurer of the railway company from September 1, 1867, to January 31, 1872. No salary had been agreed upon for his services. The Board of Directors then allowed \$4000 for the services he had performed to that time. A warrant of attorney was issued and judgment entered upon it. Upon application of the company that judgment was set aside and the company let in to defend. Judgment went against him, which was affirmed in the Supreme Court, which says, page 108:

"Again, they (the Board of Directors) are managing a fund as trustees for the stockholders and they have no right to use or appropriate the funds of the *cestui que* trust to themselves. They have no power to waste, destroy, give away or misapply it."

And there being no legal obligation, the Directors could not allow payment and the judgment was affirmed. See, also, *Gridley v. L. B. & M. R'y Co.*, 72 Ill. 200; *Kirkpatrick v. Penrose*, *Perry Co.*, 49 Penn. St. 118; *Butt v. Woods*, 37 N. Y. 317; *Holland v. Bank*, 42 Me. 564.

In *Maux Perry Gravel Road Co. v. Branegan*, 40 Ind. 361, the Board of Directors adopted the following order with reference to services then performed:

"Ordered, the officers of the Maux Perry Gravel Road allow themselves in bonds a reasonable compensation for their services. James M. Alexander and P. K. Parr, \$100 each; N. S. Branegan, Will Ditmars and Isaac Sawin, \$50 each."

Branegan brought suit on his \$50 bond, recovered judgment, and the Supreme Court reversed it.

In *Illinois Linen Co. v. Hough*, 91 Ill. 63 *supra*, is a case which, in its facts is quite similar to this one. Hough was President of the company and did a large amount of work for it in the management of its business. He testified: "I spent my whole time, while I was President of the company, night and day, except when superintending farm. I purchased fiber and looked after whole business, outside and inside. I averaged about twelve hours per day. My services were reasonably worth \$5000 for eighteen months." The evidence showed he was also largely engaged about his private affairs, looking after his farm and other affairs of his own. The by-laws of the Linen Company provided that officers should receive such salaries as fixed by the stockholders. The other officers of the Linen Company testified that Hough had agreed to serve without pay. He recovered for his salary. The Supreme Court, on page 67, approves the following instruction as given in the lower court: "Or if you shall believe from the evidence, that it was agreed by the plaintiff and the other officers of the defendant, that they should not charge for or receive any compensation for their services rendered by them, then the plaintiff would not be entitled to recover upon his claim for such services." And reversed the judgment, remarking that all the officers except Hough testified that he agreed to make no charge for his services.

So also the doctrine that an agent cannot contract with himself against the instructions of his principal, and to the prejudice of such principal's interests, is also elementary and abundantly supported by the authorities. It rests upon the most simple and ordinary principles of common honesty. Agency implies trust and no man may violate a trust. This doctrine applies to the matter of taking unauthorized interest as well as to the purchase of the Bourbon County bonds. It is true the testimony as to this last transaction shows that the transfer was made after the defendant became President and by the then acting Cashier. But the jury would be justified in finding that it was by the direction of the defendant as President, and was really a purchase by himself as an individual, from himself as agent of the bank. This doctrine is of universal application. In *1 Story's Eq. Juris.*, sec. 323, the author says: "On the whole the doctrine may be generally stated that wherever confidence is reposed, and one party has it in his power in a secret matter for his own advantage to sacrifice those interests which he is bound to protect, he will not be permitted to hold any such advantage."

The doctrine has been applied by this court to dealings between an attorney and his client. *Yeamans v. James*, 27 Kas. 195. To contracts made by Directors of a corporation, *Ryan v. R'y*, 21 Kas. 365, and is unquestionably applicable to the actions of a bank Cashier. *Morse on Banks*, page 196, says: "It has never been held that the position of the Cashier was precisely that of a legal trustee. Yet the qualities of a trust can never be wholly wanting where an agent has committed to him the management of the property of other persons for definite purposes. To say that he cannot, either directly or indirectly use his influence or any of his powers to secure advantages to himself, is only to assert what has never been called in question; and it makes no difference that his conduct was not, or was not intended to be hurtful to the bank. If he wishes any species of accommodation from the bank, even though he might have power to grant the same to another, he will not be safe in granting it to himself, without express permission from the Board of Directors. The familiar rule of agency, that one shall not be agent for another party in a contract in which he is himself interested, *a fortiori* in which he is a principal on the other side, suffices to prohibit this. But further than this, in his own dealings with the bank, he is held like a trustee, to exercise a much greater degree of scrupulosity and thoroughness of regard for the interests of the bank than in the conduct of like dealings had by other people with it."

In *Austin v. Daniels*, 4 Den. 299, the court, on page 301, says: "Bank officers are but the agents of the corporation, and if they transcend or abuse their powers, are as much responsible to their principals as are the agents of an individual. This ought to be regarded as too plain to require argument or authority and I shall offer none."

In *Torrey v. Bank of Orleans*, 9, page 649, the court says, on page 663: "It is a settled principle of equity that no person who is placed in a situation of trust or confidence in relation to the subject of a sale can be the purchaser of the property on his own account, and in the recent case of *Greenlaw v. King*, decided in the Court of Chancery in England, in January, 1841, 15 Lon. jur. 18; Lord Cottenham held that the principle was not con-

fined to a particular class of persons, such as guardians, trustees, or solicitors, but was a rule of universal application to all persons coming within its principle, which is that no party can be permitted to purchase an interest where he has a duty to perform that is inconsistent with the character of purchaser."

See, also to the same effect, *Bulls v. Wood*, 37 N. Y. 317; *Robinson v. Smith*, 3 Paige 222; *Hala v. Bridge Co.*, 8 Kas. 466; *Gardner v. Ogden*, 22 N. Y. 327; *Goodin v. Cincinnati and White-water Canal Co.*, 18 O. S. 169; *Koehler v. Black River Falls Iron Co.*, 2 Black U. S. 715. The last case, from the highest court in the land, declares that "the officers and directors of a corporate body are trustees of the stockholders and in securing to themselves an advantage not common to all the stockholders they commit a plain breach of duty." Also *Pierce on R. R. P.*, 39; *Hoffman Steam Coal Co. v. Cumberland Coal and Iron Co.*, 16 Md. 456; *G. C. & S. S. R. Co. v. Kelly*, 77 Ill. 426; *Flint and Pere Marquette R. R. Co. v. Dewey*, 14 Mich. 477; *The People v. The Township Board of Oveoyssel*, 11 Mich. 222; *Minor v. The Mechanics Bank of Alexandria*, 1 Pet. 46.

We have cited these authorities, not because the two propositions above stated needed support, but as indicating to what extent they have been carried. Further they prepare for a better appreciation of the defences presented. If we were to follow some of them to their full extent, we might safely concede the premises of defendant's argument and still deny his conclusions. Thus, if the Directors have no power to bind the corporation by a direct vote granting pay, for past services in any capacity, to one of their number who agreed to serve without compensation, *a fortiori* the corporation is not concluded by a presumed ratification through a supposed knowledge and acquiescence on the part of such Directors. What cannot be done directly through lack of power is never accomplished indirectly by silence, acquiescence and ratification. But let us examine the argument of defendant. It may be stated briefly thus: The Directors might by a prior vote have authorized everything that defendant did. That which they could authorize they can ratify. They are conclusively presumed to know the general condition and management of the bank, and included in this, the receipts and disbursements as in fact made and as shown by the entries on its general books. Therefore, the Directors knew what defendant was doing and acquiescing therein, they ratified his actions. We think this argument as applied to the facts of this case is open to several objections. The testimony shows, or tends to show at least, that in fact the Directors did not know what defendant was doing, and did not, therefore, consciously approve and ratify his actions. Now this legal imputation of knowledge cuts both ways. If the Directors are, because they are Directors, conclusively presumed to know what he, as Cashier, is doing and omitting to do; then, likewise, he as a Director is conclusively presumed to know what the other Directors, as individual officers, and what the Board of Directors, as a whole, are doing or omitting to do. If they know that he is taking funds of the bank without authority, he knows that they do not ratify it. He knows their acts and omissions as well as they his. Indeed, it is more justly and certainly to be presumed that one Director knows what his fellows, single or as a board, are doing or omitting, than that the board should know what an executive officer or clerk is doing or omitting. This im-



putation of knowledge is, of course, a mere legal fiction and it makes against, as well as for, the defendant. If it is good in favor of a Director it is equally good against him. In short, it leaves the parties to rest their rights and liabilities on the actual facts of authority and conduct. Again, conceding that the legal presumption of knowledge is supported by proof of actual knowledge and still ratification would not follow as matter of law. The Directors may know that a Cashier is disobeying the rules of the bank, and still a failure to take immediate action in disavowal does not as matter of law operate to ratify and validate such disobedient act. Knowledge and failure to act may be evidence, sometimes very strong and conclusive evidence of ratification; but, still it is only evidence tending to prove a fact and which with other testimony bearing upon the same fact is generally to be weighed by the jury rather than by the court. If the act is done under a mistaken belief in the existence of authority, then knowledge with acquiescence for any length of time tends strongly to prove ratification. But if the authority is known to be wanting; if further, the act is known to be expressly forbidden and to be directly and substantially prejudicial to the interest of the bank, then a failure to take active measures in disavowal may be weak and inconclusive evidence of a ratification. Take the case at bar for illustration. Ignore all matter of presumption and assume that actual knowledge was conclusively proved. Then if from a misunderstanding as to the real argument or upon a supposed authority defendant charged up his salary on the books of the bank and took the money therefor, and the Directors, fully aware of this condition of things, made no objection for a series of months, such acquiescence would make strongly in favor of the correctness of defendant's understanding of the agreement, and would be very conclusive evidence of a ratification of his action. But if both he and they knew that the agreement was plainly that he should act as Cashier without other compensation than office, desk, and safe room for his private business, and that notwithstanding this, and without pretense of right, he charged up a salary and took the money therefor, then the failure of the Directors to act is far weaker evidence of ratification. It does not tend to show what was the real agreement, for by the supposition both parties knew the agreement and that it forbade the defendant's act. Instead of being a ratification of an authorized act it may have been a mere tolerance of a known wrong and this in consequence of the present pressure of other and more important considerations. Where both parties know that an act is wrong the failure of one to object to or reject it, does not make it right for the other.

But what is ratification? Counsel for plaintiff in error say it is the acceptance by a principal of the acts of one who without original authority acted with third parties, in the name of such principals; that it is, therefore, only a branch of the doctrine of principal and agent. This is too limited. Burrill, in his *Law Dictionary*, says that ratification is the confirmation of a previous act done either by the party himself or by another. That it is the confirmation of a voidable act," and cites as authority, *Story on Agency*, sec. 250 and 251; and also, 2 Kent's Com., p. 237. One of those citations treats of the relations of principal and agent, the other of the confirmation of the acts of an infant by himself after becoming of age. Bouvier, in his *Law Dictionary*,

gives similar scope to the meaning of ratification. We think, therefore, it will not do to say that it is strictly a branch of the doctrine of principal and agent. It is the confirmation of a voidable act. It is entirely immaterial what that is which renders the act voidable; whether a lack of present power to make a valid contract as in the case of infancy, or because of fraud and misrepresentation on the part of the other contracting party, or because it is the unauthorized attempt of an assumed agent to bind his principal. Wherever there is a voidable act, confirmation of that act by the party assumed to be bound is in law a ratification. But in order to constitute a valid ratification there must be knowledge. In Bouvier's *Law Dictionary*, the author says: "The ratification must be voluntary, deliberate, and intelligent, and the party must know that without it he would not be bound." In *Story on Agency*, sec. 239, the author says: "Where the principal upon a full knowledge of all circumstances of the case deliberately ratifies the acts, doings or omissions of his agent, he will be bound thereby as fully to all intents and purposes as if he had originally given him direct authority in the premises to the extent which such acts, doings, or omissions reach." Citing *Hardeman v. Ford*, 12 Ga. 205; *Billings v. Morrow*, 7 Cal. 171; *Railroad v. Gazzan*, 32 Penn. 340. Again, "while the act of an agent, though unauthorized at the time, may become binding upon the principal by ratification and adoption, to make such ratification effectual, it must be shown that there was previous knowledge on the part of the principal of all the material facts and circumstances attending the act to be ratified, and if the principal assents to the act while ignorant of the facts attending it, he may disaffirm it when informed of such facts." *Express Co. v. Trego*, 35 Mo. 47. See also, *Combs v. Scott*, 12 Allen 464. Indeed, in the very nature of things this must be true; the effect of ratification is to create a contract; but, a contract implies assent; and how can there be assent without knowledge? That by all the books is one of the essentials to a contract, and this brings us to the inquiry as to the matter of knowledge.

Assuming that these acts of the defendant are shown to have been done without previous authority, they would be binding on the bank only, because ratified by it, and no ratification is proven unless knowledge is shown. The Directors constitute the governing body of the bank. The bank itself being an incorporeal entity without power to see or know. The directory constitute the visible representative, the thinking, knowing head of the bank. Its knowledge and purpose is the knowledge and purpose of the bank, and here we meet the proposition upon which the defendant rests; that the Directors are in law conclusively presumed to know the condition of the bank, its business, receipts and expenditures, and all the general facts which go to make up that condition and business as shown by the entries on its regular books, and in support of this proposition the cases of the *Bank v. Rudolph*, 5 Neb. 527; *Rich v. Bank*, 7 Neb. 201; *Bank v. Wulfekuhler*, 19 Kas. 60; *Arlington v. Pierce*, 122 Mass. 270; *Dunn v. Andrews Church*, 14 John. 118; *Bank v. Dandridge*, 12 Wheat. 64; *Morse on Banks and Banking*, pp. 90 and 91; *Bigelow on Estoppel*, 1 ed. p. 349, and *Green's Brice's ultra vires*, 1 ed. chap. 6, are cited. In Neb. *supra*, it is said "it is insisted that being the Vice-President, and one of the Directors of the bank, he was in a situation which required him to know the condition of its business and must be conclusively presumed to have known whether said note had been paid or not." No case directly in point has been

cited, but we apprehend that the rule contended for is the correct one. In *Morse on Banking*, pp. 90-91, the author thus states the rule: "The general control and government of all the affairs and transactions of the bank rest with the Board of Directors. For such purposes the Board constitutes the corporation, and uniform usage imposes upon them the general superintendence and active management of the corporate concerns. They are bound to know what is done beyond the merest matter of daily routine, and they are bound to know the system and rules arranged for its doing," and in *Bigelow, supra*, we find the doctrine thus laid down, "in accordance with the principles in the principles in the above cases, Directors of corporations, being bound to know the proceedings of the body, cannot escape an estoppel by the allegation of ignorance," and in the case from our own court, Mr. Justice Valentine uses this language: "For while we assume as a matter of fact, that Wulffkuhler knew nothing of the condition or management of the bank, and nothing of the condition of Herman's account with the bank; yet, still as a matter of law, we think we must presume that he knew all about these matters. He was a Director and the Vice-President of the bank and it was his duty to have such knowledge, and, therefore, the law will conclusively presume that he had it." These authorities abundantly establish the proposition that there is as to the directory, a certain legal presumption of knowledge as to the transactions, business, and condition of the bank, which is conclusive upon the bank and against the existence of which, as a matter of fact, no testimony will be received. Upon this doctrine rests substantially the burden of the defence. We are not disposed to limit or restrict the scope of this doctrine. It is one founded in public policy, essential to the safety of third parties in their dealings with the bank and to the protection of the stockholders interested in the welfare and safe management of the bank. So far as is necessary to accomplish these results, it should be carefully and strictly upheld; but it should not be carried beyond this or to such an extent as to work injury to the bank. Its purpose was to impose the strictest fidelity and watchfulness upon the Directors, as custodians of a most important and delicate trust; a purpose which would be thwarted if it was turned into an instrument of injury and destruction to the bank and its stockholders. The directory, as has been said, is the visible representative of the bank. Persons dealing with it meet only this visible representative and have a right to presume that it knows all the affairs of the bank, all that the bank as a principal ought to know of its condition and business. On the other hand the stockholders and depositors, the persons who are pecuniarily interested in the safe management and prosperity of the bank, look to the Directors as the chosen guardians of their interests, and have a right to demand of them that they watch over all those interests in their minute details. So that all of these parties have a right to assume that the Directors know all the transactions, business, and condition of the bank; because they ought to know them, and because otherwise they do not discharge their full duties to these various parties. But as to an officer and Director the reason for this conclusive presumption fails, and, therefore, the presumption itself should not be held to exist. Upon the defendant, as a Director and officer, rests the same measure of responsibility as upon all the other officers and directors. He is presumed to know as much as they are presumed to know. He is within the inner circle of the bank's life, and by ordinary

attention may in fact know all that is necessary to govern his action or to measure his duties and obligations. Presumptions are for the benefit of those outside, who cannot in fact know and who must rely upon the representations and acts of those inside. But for those inside the bank, there is no need of any presumption, and for the simple reason that they are where they may in fact know. Again, the successful management of a bank requires the fullest confidence and co-operation between the Directors and employees. Every fact which each knows, which the other ought to know, should be told. No one has a right to withhold a fact within his own knowledge, of interest to the bank, and which ought to be known, by any other officer or Director, and no rule is wise or should be upheld which encourages secrecy in such matters on the part of any officer. If a Cashier is taking money, claiming it as salary, he ought to see to it that the Directors know the fact, and no rule should be tolerated which makes it profitable for him to take the money secretly and without their knowledge. Again, no officer should be permitted to enforce his own wrong against his principal, the bank, through the inattention or neglect of any other agent of the bank. Clearly one agent cannot empower another to do wrong. Can the inattention and neglect of the former make the wrong of the latter effective and remediless? *Minor v. Bank*, 1 Peter 46. Any other rule would put it in the power of the officers of the bank to plunder it enormously in safety. Let the bookkeeper and cashier of any bank combine, and it is easy to see how they could for a length of time continue plundering the bank unknown to any one, and this though every transaction should be entered on the books of the bank. This, which is so obviously possible as a matter of fact, not unfrequently occurs. In such cases can it for a moment be held that the ignorance of the directors condoned the wrong, or leave the bank without remedy? This, it may be said, is a glaring illustration, but the principle which underlies this is the same as that controlling the case at bar. If, as a matter of fact, defendant took the office of cashier upon an express contract to receive as compensation therefor nothing but office, desk and safe room for his private business and did, notwithstanding this contract, without the knowledge and authority of the Board of Directors, take the money he is charged to have taken, it was as unmistakable and glaring a violation of official duty, as gross a wrong, upon the bank and its stockholders, as though a cashier and bookkeeper should combine and surreptitiously take from the vaults of the bank the money placed with it by the depositors. The cashier prior to the defendant was allowed a salary of \$1800. Supposing he had taken \$5000 out of the vault and charged it to himself on the books of the bank as salary and the entry had escaped the notice of the directors for a length of time, could not the bank show the fact and recover the excess, or would the ignorance and carelessness of the directors be equivalent to voting him a salary of \$5000? Public policy unquestionably withholds its sanction from any doctrine which will work out such pernicious results. It sustains the doctrine of imputed knowledge on the part of the directors only so far as will protect the dealings of third parties with the bank, or will prevent the bank from suffering through inattention or wrong from the directors themselves, and will not carry it to the inner management of the bank, or prevent full inquiry as to the facts of any transaction therein, or the actual authority for any act

done by its officers. We think, therefore, the principal ground for the defence cannot be sustained. As to the other, little need be said. The fact that the defendant owned four-fifths of the stock did not authorize him to do with the assets of the bank what he pleased. The directors of the bank, and not he, acted for it. His ownership of the stock gave him voice only in electing the directors. When elected his control of the actions of the bank ceased. If he had taken moneys which belonged to the bank he could not defend against an action brought by it to recover such moneys, by proof that he owned four-fifths of the stock. Unless he owned all the stock he could not condone his own wrong or prevent the bank from recovering the full amount and thus protecting the interests of the lesser stockholders. In *Hazard v. Durant*, 11 R. I. 196, a suit was brought by a stockholder to compel the president to account for funds belonging to the company which the president had converted to his own use. The defendant plead a ratification, but the court said: "To hold that a corporation could gratuitously condone or release such a fraud by anything short of unanimous consent, would be monstrous; for it would be in effect to hold that a president or director who can control a majority vote in the corporation may rob or despoil it with impunity." In *Bayshaw v. R. R. Co.* 7 Hare 129, the Vice Chancellor, says: "I think the plaintiff in this case has shown that the Directors have misapplied and are about to misapply the £100,000, I have adverted to; that is, £100,000 raised under the Hadleigh Act. No majority of the shareholders, however large, could sanction the misappropriation of this portion of the capital. A single dissenting vote would frustrate the wishes of the majority. Indeed, in strictness, even unanimity would not make the act lawful."

See also *Kent v. Mining Co.* 78 N. Y. 159. And if defendant could not defend against the action of the bank by proof that he owned four-fifths of the stock, if the bank had a cause of action notwithstanding such ownership, we fail to see any principle upon which his sale of the stock destroyed the bank's right of action or gave him a new defence. It follows from these considerations that the district court erred in sustaining the demurrer to the evidence and that the judgment must therefore be reversed and the cause remanded for a new trial.

As this case goes back for a new trial we desire to add, to guard against any misconception, that we do not agree with all the authorities heretofore cited as to the lack of power on the part of the directors to appropriate money in payment of the salary of the Cashier or other officer after the services have been rendered, and in cases when such Cashier or officer happens to be a Director. We think the rule is, in the absence of positive restrictions, that, where no salary is prescribed, one, appointed to an executive office like that of Cashier, is entitled to reasonable compensation for his services, and that the Directors have power to fix the salary after the expiration of the term of office, and this, though such appointee is also a Director and continues to be such while holding the independent office.

Again, while we do not think it can be said as matter of law that the Directors are conclusively presumed to know the general business and condition of the bank, as shown by the entries on its books in a case of this kind, and thus to ratify the action of the Cashier in fixing his own salary, and in taking the funds of the bank in payment thereof, yet we think a question of fact may often be

presented which is fairly to be submitted to a jury for its determination; and that is, whether independent of any proofs of actual knowledge, the action of the Cashier has not been so open and long continued, and under such circumstances, that it may be inferred as matter of fact that the Directors assented to the payment of such salary. We think the question is rather to be treated as a question of fact, and to be determined by a jury as to whether the bank acquiesced in and ratified the action of the Cashier, than to be disposed of as a question of law and dependent upon a purely legal presumption.

We do not care to pursue the discussion further. The judgment will be reversed and the case remanded for a new trial.

## LEGAL MISCELLANY.

**MUNICIPAL CORPORATION—WRONGFUL CANCELLATION OF STOCK BY.**—Where a city had wrongfully cancelled certificates of its stock belonging to a minor, upon assignments which were afterwards discovered to be forgeries, and had issued new certificates of the stock to the holders who had presented the certificates for cancellation and transfer, *held*, that the city should replace the certificates of stock belonging to the minor, and pay to his guardian all arrears of interest due. *Brown v. Howard Fire Ins. Co.*, 42 Md. 384; *Hambleton v. Central Ohio R. Co.*, 44 id. 551; *Telegraph Co. v. Davenport*, 97 U. S. 369. Maryland Ct. of Appeals, June 30, 1881. *Mayor of Baltimore v. Ketcham*, 57 Md. 23.

**NATIONAL BANK—RATE OF INTEREST FOR LOAN BY.**—The National Banking Act provides thus, (§ 30): "Every association organized under this act may take, receive, reserve, and charge on any loans interest at the rate allowed by the laws of the State or territory where the bank is located, and no more; except that where, by the laws of the State, a different rate is limited for banks of issue organized under State laws, the rate so limited shall be allowed every association organized in any State under this act. And when no rate is fixed by the laws of the State or Territory, the bank may take, receive, reserve, or charge a rate not exceeding seven per centum." The statutes of California provide thus (Civ. Code, § 1918): "Parties may agree in writing for the payment of any rate of interest, and it shall be allowed according to the terms of the agreement until the entry of judgment." *Held*, that National banks in California are allowed to receive such interest as may be agreed upon. *Hinds v. Marmolejo*. California Sup. Ct.

**CHATTEL MORTGAGE—RIGHTS OF INDORSEE OF NOTE SECURED BY.**—The indorsee of a negotiable promissory note, secured by a chattel mortgage which was transferred at the same time the note was indorsed, but not assigned in writing, cannot maintain replevin in his own name for the mortgaged property against the mortgagor. Authorities referred to: *Pierce v. Stevens*, 30 Me. 184; *Pickard v. Low*, 15 id. 48; *Lincoln v. White*, 30 id. 291; *Prout v. Root*, 116 Mass. 410; *Homes v. Crane*, 2 Pick. 610; *Vose v. Handy*, 2 Me. 322; *Robbins v. Bacon*, 3 id. 346; *Crain v. Paine*, 4 Cush. 483. Maine Sup. Jud. Ct., Feb. 20, 1882. *Ramsdell v. Tewksbury*, 73 Me. 197.

**AGENCY—AGENT TO BUY HAS NO PRESUMED AUTHORITY TO OBTAIN CREDIT.**—An agent to buy wheat or other grain must, in order to bind his principal, who furnishes in advance the funds to make the purchases, buy for cash, unless he has express power to buy upon credit, or unless the custom of the trade is to buy upon credit; and in the absence of express authority, or proof of the custom of the trade, to buy on credit, such agent cannot bind his principal by a purchase upon credit of a person who is ignorant of his real authority as between himself and his principal. *Paley*, Ag. 161, 162; *Jacques v. Todd*, 3 Wend. 83; *Schimmelpennick v. Bayard*, 1 Pet. 264; *Story*, Ag., §§ 225, 226; *Berry v. Barnes*, 23 Ark. 411; *Stoddard v. McIlwain*, 7 Rich. (S. C.) 525; *Whart*, Ag., § 186; *Adams v. Boers*, 24 Iowa, 96; *Tabor v. Cameron*, 8 Metc. 456; *Temple v. Pomeroy*, 4 Lay. 128; *Bank v. Bugbee*, 1 Abb. App. Cas. 86. *Kamarowski v. Krumdick*, Wis. Sup. Ct.

**NEGOTIABLE INSTRUMENTS—SURETY—CONTRIBUTION.**—In the absence of a special agreement, the legal liability of the parties to a promissory note is to be determined by the relation they bear to the note, and the fact that one of them was the principal debtor and the others signed for his accommodation, will not change this rule or make the latter co-sureties as to each other. Hence, where one of two accommodation signers executed a note as joint maker with the principal debtor and the other as payee and indorser, and there was no special agreement between them, *held*, that the former could not, after paying the note, call upon the latter for contribution. *McCune v. Belt*, 45 Mo. 174. Missouri Sup. Court. *Hillegas v. Stephenson*. To appear in 75 Mo.

**DAMAGES—UPON UNAUTHORIZED SALE OF STOCK BY BROKER.**—Defendants purchased and agreed to carry for the plaintiff until instructions were given by him to sell, or for a period of six months, a quantity of stock. No money was paid by plaintiff nor was he liable to pay, but a guaranty was given to defendants by another party against loss. The guarantor notified the defendants that he withdrew his guaranty, upon which they gave notice thereof to plaintiffs and that unless he placed a margin in their hands at a time named upon the next day, they would close out the stock at that time. This not being done the stock was sold. In an action for the breach by defendants of their agreement, it appeared that for thirty days after the sale the same stock could have been purchased in the market for the price at which it was sold or for a less sum. *Held*, that assuming the sale to have been unauthorized, plaintiff was entitled to recover only nominal damages. In *Baker v. Drake*, 53 N. Y. 211, it was held that where a broker purchases stock upon a margin for a customer and makes an unauthorized sale of the same, the principal has a right to disaffirm the sale and to require the broker to replace the stock, and upon failure or refusal to do this the remedy of the principal is to replace it himself and the advance in the market price from the time of the sale up to a reasonable time to replace it after notice of the sale, affords complete indemnity and is the proper measure for damages. This rule applies to the case at bar. See also *Baker v. Drake*, 66 N. Y. 523; *Gru-man v. Smith*, 81 id. 25. There was no question as to reasonable time to go to the jury. Judgment affirmed. *Coll v. Owens*. N. Y. Ct. of App.

## CURRENT EVENTS AND COMMENTS:

*THREAD INDUSTRY.*

- The thread industry of the United States, which dates from 1855, shows wonderful growth. The consumption of thread of the best grades in the United States is 21,000,000 spools per annum. American manufacturers turn out daily 12,000 dozen spools containing 200 yards each, which is far from meeting the demand, and European manufacturers find a large market here. The manufacture of spools has become a large industry, for besides supplying domestic thread-makers with spools, which consume 3000 to 4000 cords of wood per annum, the foreign thread-makers purchase American spools, and in many cases wind their thread here, by which they escape paying a higher duty. American thread-makers, however, claim to be able to undersell them.

*WASTE OF COAL.*

A Pittsburgh citizen declares that four million dollars worth of coal is wasted each year in the mining operations of that district. His explanation of his assertion is that beneath the vein of coal, in that vicinity, averaging four and a half feet, is a seam of what is called "bottom coal," eighteen inches thick. This coal, which is somewhat softer than the regular vein, is never taken out of any part of the mine except the entry. After a room is worked, this coal cannot be removed with safety. In a mine where a hundred men are at work, it is estimated that the waste is three hundred tons a day. The pillars which support the roof, the smallest of which contains three tons of coal, and some of them twenty tons, are also abandoned. Congress or the legislatures, this expert suggests, ought to compel operators to remove all the product of their mines, including what is known as "slack," millions of tons of which have accumulated on the hills about Pittsburgh. The result would be a benefit to owner, miner, and consumer.

*SOUTHERN CIRCULATION OF SMALL COINS.*

Southern newspapers occasionally urge their readers to adopt the small-coin system of making change which is in vogue in the rest of the country, except in the States of the Pacific coast. The efforts in both of these sections to bring one and two-cent pieces into general use as they are in the East have not been successful. In California there is even a scarcity of five-cent pieces. Prices and wages are much higher than here, and in the South there is a general feeling that to accept change for a nickel savors of meanness. "We are not a two-cent people," Southerners occasionally say. It is a fact that a traveler who does not make himself obnoxious finds nowhere in this country so hearty and generous hospitality as in the South, but the sentiment which makes circumspection synonymous with niggardliness is unquestionably misconceived. Daily newspapers in the South, which in New England would sell for a penny or two, go for five cents; to buy a three-cent stamp a two must be accepted in change; New York manufacturers of penny wares put them into five-cent packets for most of the trade below Mason and Dixon's line. Nearly everywhere there a cent piece is a rarity, and



in some of the towns not reached by a railroad it is a curiosity. Prejudice may have something to do with the Southern aversion to small coins, but the principal reason is probably to be found in the shiftlessness of the black population. They know nothing about economy, and apparently don't care to learn it. Storekeepers in towns where the blacks predominate feel no necessity for any coin less than the nickel. The constant fight of Boston against the extra cent for car fare may seem small business to a Southerner, but to a working man saving is of more importance than a fanciful principle. In the course of a year the loss to purchasers through inability to get exact change is very considerable. The South is making rapid growth in manufacturing and agricultural industries, and, as experience shows that economy always accompanies these interests, it will probably not be long before the circulation of small coin there will be proportionately as large as it is in the East.

—Stockholder.

#### CENTRAL AMERICAN PROGRESS.

As a whole, the live little republics of Central America—Guatemala, Salvador, Honduras, Nicaragua, and Costa Rica—are peaceful and prosperous. The first-mentioned is the most populous, but Salvador is at present the wealthiest and most progressive. All have railroad projects in course of construction which will materially aid in developing their resources, not only providing means of communication through regions heretofore almost impassable, but enabling the inhabitants to reach a market. The latter, however, are for the most part of Indian blood, naturally indolent, and do not readily take advantage of the rich soil and valuable mineral deposits with which they are favored. The railroads are built almost exclusively with English capital, with rolling stock supplied from the United States. A gentleman long identified with these countries, and who has officially represented some of them in New York for many years, volunteers much information concerning their material resources and commercial progress. He is not sanguine of rapid development, but has reason to believe that under the operation of a better government, and favored with improved facilities both for land and ocean transport they will, in the course of a few years, acquire a commercial importance far exceeding anything yet realized. The approximate value of the imports and exports of Central America are:

COSTA RICA.	Invoice value.		SALVADOR.	Invoice value.
Export.....	\$ 3,000,000	....	Export.....	\$ 5,000,000
Import.....	2,500,000	....	Import.....	3,000,000
NICARAGUA.				
Export.....	2,500,000	....	GUATEMALA.	
Import.....	2,000,000	....	Export.....	4,000,000
HONDURAS.			Import.....	3,000,000
Export.....	2,000,000	....	Total.....	
Import.....	2,000,000	....	\$ 28,000,000	

Of this the United States receive and send about \$2,000,000, and Europe the rest. The population of Guatemala is 1,500,000; Salvador, 800,000; Honduras, 600,000; Nicaragua, 600,000, and Costa Rica, 250,000. The yearly revenue amounts in the aggregate to \$15,000,000. In the year 1850 the total revenue of the five States was only about \$3,000,000, and their foreign commerce amounted to about \$4,000,000, invoice value. A careful observer will see that Guatemala has not as large a trade in proportion to her population as the other States. This is because more than

a million of her inhabitants are relatively idle Indians. They have, however, under a strong Government, been gradually becoming industrious. Most foreigners in Central America, and particularly those who have taken an active interest in the development of these immensely rich sections of the American Continent, favor strong autocratic Governments. They do not believe that the "mixed races" can prosper under any other system.

#### LIGHTING RAILROAD CARRIAGES.

The system of lighting railway carriages by electricity seems, so far as it has been tried, to be fairly successful. On the Eastern Railroad of France there is a Gramme dynamo machine driven by the locomotive and Faure accumulators. To these has recently been added an "automatic interrupter," the action of which is to break all communication between the Gramme machine and the accumulators when the speed of the train descends below the normal. Further, if the lamps are lit at such a time, or when stoppage occurs, the automatic apparatus substitutes the accumulators for the machine, or reciprocally; the moment of change is not perceptible. When the train is running without the lamps being lit, the Gramme machine charges the accumulators exclusively; when the train is lit, the machine feeds both the lamps and the accumulators. It is only when the illuminated train slackens speed or stops, that the accumulators supply the current required by the lamps, and this is restored when the train has resumed its normal speed. Thus the accumulators are not so cumbrous as if they had sufficient capacity to feed the lamps during the whole journey. There is a Swan lamp in each compartment. The train is lit by the guard on entering a tunnel. The cost for an ordinary train of thirty-six lamps is about twelve francs a day, whereas the lighting with oil cost thirty-six francs, and was very imperfect.

#### ENGLISH JOINT-STOCK COMPANIES.

Returns from England show that joint-stock companies with a capital of over \$500,000,000 were organized in the United Kingdom during the last half year. Electric-light companies are conspicuous in the list. A few banks with nominal large capitals were organized among which were the Bank of Liverpool, \$25,000,000, and Union Bank of London, \$55,000,000. The total number of companies organized was 742, against 729 for the first six months of the year 1882, or a total for the whole year of 1471. In 1881 there were 1833, with a nominal capital of \$835,000,000. In speaking of these figures, the *Investors' Guardian* says: "Never before, since the Joint-Stock Companies' Act became law, have anything like the above figures been reached, but it will be understood that, though £216,561,926 is the enormous total of the nominal capital, subscriptions were not actually invited from the public for this amount, as in many cases there were first issues of only the one moiety or even less of the share capital. Moreover, we have reason to believe that in an unusually large number of instances the investing public declined to respond to the invitation of promoters, and the undertakings accordingly fell still-born, though there are unfortunately no data available from which to demonstrate the accuracy of this opinion. As in previous years also, directors have too often, doubtless, been found ready to go to allotment with an amount of subscriptions in hand wholly inadequate to carry out effectually the objects set forth in the prospectus, and the necessary result must sooner or later be disappointment and disaster to the shareholders."

*MINING IN PRUSSIA.*

Mining in Prussia is making gigantic strides, and makes Germany an easy third in the world, Great Britain being first and this country a good second. The total product of all the 1879 Prussian mines in 1881 was 60,350,787 metrical tons, valued at \$81,589,500, against 57.7 million tons, rated at seventy-eight millions in 1880. The Prussian mines employ 258,857 persons. Germany is now wholly or nearly independent of English iron and steel, and has become a large exporter of montane products, with the exception of the precious and some minor metals.

*GROWTH OF THE WORLD'S WEALTH.*

While the amount of first-class security has been steadily decreasing, the wealth and population of the world has been as steadily increasing, and continues: "In the United Kingdom, the United States, and to a less extent in the principal countries in Europe, wealth has been growing during the past generation at an unprecedentedly rapid rate. It is estimated by high authorities that between 1865 and 1875 the growth of wealth in the United Kingdom was at the rate of £200,000,000 a year, and probably the rate in the United States was not much less. Even if we assume that the rate of growth since 1875 has slackened, there can be no doubt at all that the accumulation of wealth has continued at a very rapid rate, not only here at home, but in all the more advanced countries of the world. And some portion of this annually saved wealth must have been invested in Stock Exchange securities. The larger part, no doubt, went to extend business, to improve land, to build houses, to construct public works, and so on, but some portion of it was invested in Stock Exchange securities. And the steady investment of new wealth year after year has had a great effect upon the prices of securities. While there has been a great diminution in the debts of the United States and of the United Kingdom, there has been in another way a diminution in the securities held in the richer countries, owing to the accumulation of wealth in the poorer ones. For example, until lately the bonds representing the debt of Italy were chiefly held abroad, and more particularly in France. It is said, however, that the growth of the wealth of Italy of late years has been such that the Italian people have been able to buy from foreigners a large portion of the Italian bonds held abroad. This has had the necessary effect of diminishing the supply of securities in England, France, and Holland, where the Italian bonds were chiefly held. And in less degree, the growth of wealth in other backward countries has been acting in the same way. Each country invests by preference in its own securities, and as the wealth of each country increases, the supply of foreign bonds in the more advanced countries diminishes. Thus the permanent tendency is toward a rise in the prices of safe Stock Exchange securities. This tendency must naturally continue to gain force, though it may be checked every now and then, until, from some cause or other, there is a large creation of new first-class securities. A war, for example, involving several great European countries, would lead to large loans—that is, to the creation of new Stock Exchange securities of the first-class—and would thus tend to lower prices, while the destruction of wealth by the war would lessen the growth of wealth, and would also have a tendency to lower prices."

## HISTORY OF THE CITY OF GLASGOW BANK FAILURE.

The liquidation of the City of Glasgow Bank, which failed five years ago, having just been completed, this is a fitting time to recall the history of that gigantic financial disaster and the efforts put forth to liquidate the debts of the bank. Only a Scotchman can fully realize the complete and implicit confidence reposed by the Scottish people in their banks, or the effect of the blow dealt by the news that one of them had closed its doors. When the City of Glasgow Bank failed, in 1878, the calamity was practically unprecedented. Men whose memory reached back more than twenty years could, indeed, recall the shock of astonishment and apprehension that passed through the community when the Western Bank failed to meet its obligations. But there were exceptional circumstances in that case which made it possible to distinguish broadly between the insolvent concern and others of a similar kind. The loss, moreover, under the then existing law, fell chiefly and almost exclusively upon a single exceedingly wealthy firm, so that the process of liquidation was really little more than a transfer of liabilities from one debtor to another. The City of Glasgow Bank stood upon a totally different footing. It was one of the recognised members of the great banking fraternity which has done so much for Scotland, and which enjoys a reputation perhaps greater even than its deserts. The bank had branches all over the country, and its notes were part of the ordinary currency, passing from hand to hand with as little doubt or question as if they had been sovereigns. It held an immense amount of public money, its shares stood at a high premium, and its credit everywhere, except among a few knowing ones, was unimpeached. A Scotch bank builds its reputation upon a very broad foundation. Its branches in scores of country towns are known—in such places everything is known—to do a flourishing and lucrative business. Almost any man in the street can tell you its principal clients, and probably give a fair guess at its gross deposits. In all these places, therefore, the local branch determines to a very large extent the judgment passed on the institution, and though there may be whispers of an unpleasant kind in Edinburgh or Glasgow, they take a very long time to reach the general ear. The City of Glasgow Bank was justly believed to be doing an excellent business. Had the central office simply abstained from losing money, the branches alone would have paid a respectable dividend on capital. Few could know or guess that the central office was throwing money away wholesale, and the sudden disclosure of the real state of affairs came upon the unsuspecting shareholders like a thunderclap.

In this case there were no Baird Brothers to carry the tremendous burden. It was exceedingly painful to read the list of shareholders and note how few among them were men of wealth, and how large a proportion were investors who probably had nothing besides their shares. Widows, spinsters, country ministers, old men retired from active work upon what they thought a secure compe-

tence—in short, all the most helpless classes of annuitants were among the victims. By a kind of subtle freemasonry, rich men had been warned off, and the shares of which they got rid were bought up by the bank itself at high figures, so as to maintain the market. Of the total stock in the hands of the public, little over ten per cent. was held by men who could pay the calls of the liquidators. The remaining nine-tenths were in the hands of people many of whom could pay nothing, many more of whom were ruined by the first call, and all of whom had to surrender everything they possessed in the world. The ten per cent. of solvent shareholders furnished to the liquidation £2450,855; the ninety per cent. of insolvent contributories yielded only £3,540,910. From these figures may be inferred the appalling extent of the ruin wrought by the failure. The authors of all this misery were men highly thought of by their neighbors, and even more so by their co-religionists. Some of them belonged to the strictest sects of Presbyterianism, and one was so rigid a Sabbatarian that he objected to reading newspapers on Monday morning, though always glad to hear their contents from others. They were brought to trial and punished, as some thought, most inadequately. But punishment is of little use in such a case. To condemn a handful of hoary-headed men to spend the remaining years of their life in jail does nothing for the relief of those who suffer by their reckless folly, and probably has no deterrent effect whatever upon the next set of directors who begin to plunge in order to retrieve a lost position.

Very shortly after the extent of the disaster became clear, vigorous efforts were made to assist the innocent sufferers. It is to the credit of Scotchmen that they took the burden upon themselves, by far the largest part of the sum of £386,000 collected having been subscribed in Scotland itself. London sent £9,000; Birmingham, £1,100; and one or two other English towns contributed a trifling sum. The bulk of the subscription in all these cases came from Scotchmen, who also sent from abroad upwards of £7,000. But the whole of the external contributions did not amount to £20,000, and the remainder was raised at home. The report just published shows how the money has been applied during the last four years. There was no small difficulty in deciding who were worthy recipients, since, as usual in such cases, the most deserving and most necessitous were the least ready to push their claims. The sum at the disposal of the relief committee, though a considerable one in itself, did not amount to anything like ten per cent. of the losses suffered by the ruined contributories. Yet the difficulty for some time was to find really-deserving objects for that small pittance. In spite of the zeal and loyal perseverance of the committee, there can be no doubt that many unfortunate people have gone wholly unhelped, while others much better able to shift for themselves have obtained a share of the bounty. About half of the total has been absolutely given away; £131,000 has been lent to shareholders, who pay interest and have repaid a considerable part of the principal; while annuities have been granted, mostly to aged people, which are estimated to require a sum of £120,000. The greater part of this is provided for by investments, and the remainder depends upon the fulfilment of their engagements by borrowers. Though the committee express their anxiety to wind up the fund, it is clear that these outstanding engagements and liabilities will require more or less supervision for a considerable time to come. The main part of the work connected with the fund is finished, but if the

present committee wishes to be relieved of its functions, some kind of trust must take its place.

The liquidation of the bank itself must be regarded as a model of that class of business. It was carried out at a total cost of £194,000, and finished within four years from the date of its commencement. The total sum dealt with is £13,600,000, so that the cost of liquidation has been considerably under one and a half per cent., a pleasing contrast to the costliness of bankruptcy in ordinary cases. When the liabilities were approaching complete liquidation at the beginning of last year, an Assets Company was formed to take over what remained of the bank's property. Solvent shareholders had the preference in the allotment of shares, and, as their applications largely exceeded the total capital of the new company, they became owners of whatever may yet be saved out of the general wreck. They paid over a million for the property, and were at first thought to have made a very good bargain. The liquidators, in their final report, speak with some reserve upon the point, and it seems now to be doubtful whether the unrealized assets will ever yield more than a moderate return for the risks undertaken. The crash has left its mark upon Scotch banking. It has caused the non-chartered banks to adopt the principle of limited liability, and to create uncalled-up capital to give security to depositors. The three chartered banks are desirous of following the same course, but are compelled to apply to the Treasury for the necessary modification of their charters. This the Government will not grant except upon conditions highly distasteful to Scotch bankers. It requires them to relinquish the privilege of note issue, which is held to belong properly to the State, and also to add the word "limited" to their title. For the present neither the banks nor the Government will give way, and the chartered banks remain at the disadvantage of not having a single penny of uncalled capital to guarantee the rights of their creditors in case anything should happen to dissipate their working capital.

### RAILROAD BUILDING IN 1883.

People repeat the gloomy predictions of a year ago, to the effect that railroad building during the current calendar year will be at a standstill. But in business, as in some other things, it is often the unexpected which happens, and the *Railway Age*, of Chicago, has already found out that Illinois has fifty new companies which propose to build in that State alone 3800 miles, although the present lines cover about 9000 miles. No one believes that Illinois will have three thousand miles of new track during the present year; but the intention of the Illinois railway contractors is at least apparent, and may serve as a starting point from which to judge about what will be undertaken in other States. It is folly to predict what will be done, but it is entirely safe to assume that very much will be attempted. And a railroad once begun is not often abandoned, though it may go through bankruptcy, a receivership, and some other experiences which the original investors call dear and sad. What can explain this singular phenomenon?

Our people seem to have the same passion for opening new regions to trade which animated the ancient Romans, although it is com-

monly, if hastily, assumed that the real motive of Roman road building was political rather than commercial. This assumption, however, is not borne out by the relics left by the Romans. These relics show a high degree of refinement and luxury, and tally with the luxurious mode of living which characterizes our very outposts of civilization. It seems to be a fact that the opening of a new country by railroads creates wealth more rapidly than does any other kind of work, commerce with barbarians not excepted. In other words, there is money in building railroads into a virgin country, and so considerable is this money that few municipalities can resist the temptation of lending their credit to a railroad which promises to connect their borough with the center of trade. The railroad debt of the Illinois municipalities to-day is a major part of the fifty million dollars which they owe. But there is another reason why so many new roads are built.

The people of this country save annually in cash a very considerable amount—perhaps over a hundred millions, which seek for an investment after the usual fields have been covered. To invest private savings in federal bonds has ceased to be convenient, the bonds being scarce, expensive and without the element of permanence. Even the National banks find it difficult to purchase the bonds which they need. Good State bonds are scarcer still, there being in all not above 150 millions, beside a good sum of State bonds defaulted or repudiated. Bank stock is neither abundant nor remunerative, and municipal bonds are not increasing. For some reason, which deserves a special investigation, our people decline to invest their surplus savings in foreign government bonds, although the French three per cents. can be purchased for less than eighty per cent. of their par value, and English three-per-cent. consols usually rule below par when business is prosperous. Nearly all these securities are unredeemable, and seem to be specially suitable for investments requiring a definite return, and a high degree of safety with a minimum of personal attention. But they are not in favor.

This leaves a heavy amount of money free for investment in railroads, and makes the sale of railway securities a comparatively easy matter. Accordingly, the miles of road owned in Boston alone must be counted by the ten thousand, and the actual investment in them by the hundred million. Such investments may be due in part to popular tastes, but are due also in a measure to the fact that the great surplus of savings in this city must find an outlet somewhere. Through a long series of calamities and blunders our citizens have lost the taste for investments in shipping, and to some extent their commercial spirit has declined; that is to say, comparatively few of our young men go to China or South America to make a fortune, and very few of our capitalists are willing to risk the investment of a million dollars in Shanghai, Calcutta or Adelaide. Yet money and men must do something, and they turn to domestic railroads, although the time is approaching when even these hungry corporations cannot undertake to swallow the surplus savings of the American people.

It is a fact worth studying that our first considerable attempt at making investments in a foreign country since the war for the Union should be made in Mexico, and primarily in Mexican railroads. Why is it, one might well ask, that our merchants are so slow in establishing branch houses in foreign parts, and that our manufacturers never yet have made a considerable attempt at running factories elsewhere? The explanation is not that our people lack

adaptability to novel conditions or new enterprises; they have it far more, perhaps, than other nations. The English surely are insular; yet how they expand! Nor will it do to say that our primary function consists in subjecting a continent. We have subjected it, and wish to expand. It is very well for us to build new roads by the ten thousand miles; but even this field, attractive though it be, can be overworked, and even now leaves money and strength for application elsewhere. To-day we build iron roads. When shall we build ships of steel, and make American commerce respected by all nations?—*Boston Advertiser*.

---

### INTERNAL-REVENUE REDUCTION.

The act to reduce Internal-Revenue taxation, which became a law on March 3, provides for the repeal of the tax upon capital and deposits of all banks and bankers, except such taxes as are now due and payable. The tax on capital and deposits, therefore, ceased on March 3. Comptroller Knox says that the passage of this act relieves the National and State banks and the private bankers from a tax on the average of about \$1,000,000 a month. The amount of tax collected from the National banks on capital and deposits, in the last fiscal year, was \$5,959,702, of which \$437,774 only was upon capital, the remainder being upon deposits. The tax upon State banks and private bankers was \$5,249,172 of which a little more than one-fifth was upon capital. The total tax collected upon deposits and capital, upon all classes of banks, in the last fiscal year was \$11,208,875. The amount annually collected from the two-cent check stamp is about \$2,500,000, and the Act repealing the use of these stamps takes effect on July 1, 1883.

The law imposing the tax upon bank capital and deposits required all State banks and private bankers in the country to make semi-annual returns to the Commissioner of Internal Revenue. From these returns the Comptroller has for a series of years compiled the only complete statements ever given in reference to the capital, deposits, and the amount of United States bonds held by all classes of banks and bankers in the country. The repeal of this tax will after this date prevent the compilation of these tables, and the only source from which such returns can hereafter be obtained will be from the reports of the banks as compiled by the officers of the different States. As many of the States, particularly in the South and West, do not require such returns to be made, the aggregate will of necessity be much less complete than heretofore.

---

**ROMAN CATHOLIC SAVINGS BANK OF LAWRENCE.**—The collapse of the Savings bank of the Augustinian fathers, at Lawrence, is a calamity greatly to be deplored. The Augustinian fathers are a number of Roman Catholic priests of that city, who have been receiving the money of poor servant girls and others on deposit, paying good interest on the same, through thick and thin, and finally, through bad management, or something worse, have been compelled to announce the bank as "dead broke." The only consolation the victims get is the word of the Augustinian fathers that the deposits, some \$430,000, can be paid back at the rate of \$25,000 a year, without interest. This is poor consolation, indeed, as the \$25,000 a year must be saved from church revenue, which the very victims themselves must, in a large measure, contribute.



## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. THREE-PER-CENT. BONDS AS A BASIS FOR CIRCULATION.

With money at seven per cent. what is the advantage of bank circulation based on three-per-cent. bonds?

REPLY.—There being upon this question some difference of opinion, we have referred it to Mr. O. M. Beach, Actuary, and author of Beach's Interest Tables, who has favored us with the calculation below :

It is necessary first to determine what rate per annum is actually realized in discounting commercial paper, taking seven per cent. interest on the face of the paper in advance. The rate per annum realized on paper having two, three and four months to run is an average of 7.13 per cent., and as the money is re-loaned three, four and six times in a year, and thus compounded, the rate realized is equal to 7.30 per cent. per annum.

If a bank, discounting as above, deposits Government bonds with the Treasury it receives ninety per cent. of the bonds in circulating notes. As a deposit of five per cent. of said notes has to be made in the redemption fund, the income to be derived from loaning the circulating notes is the following, viz.:

Notes received.....	90
Less five-per-cent. redemption fund.....	4.50
Available to loan.....	85.50
Income at 7.30 per cent. on 85.50.....	6.24 per cent.
Less one-per-cent. tax on circulation.....	.90
Rate realized on bank notes.....	5.34

We will now consider what rate of interest is to be realized from the income derived from the bonds deposited to secure said circulation. If the three-per-cent. bonds could be bought at par the profit from the circulation would be 5.34 per cent. + 3 per cent. = 8.34 per cent. per annum. If the money used to purchase the bonds at par was used in discounting at seven per cent., the profit would be 7.30 per cent. per annum, apparent gain 1.04 per cent. per annum, from three-per-cent. bonds bought at par, from which must be deducted contributions to expenses of the Currency Bureau, and all other expenses connected with procuring and maintaining a bank-note circulation.

But as the three-per-cent. bonds are now selling at 1.04, and said bonds have no fixed time of payment, but can be called in and paid at any time it may suit the Government to do so, it is impossible to determine what rate of income will be realized from them when purchased at a premium. If it can be assumed that they will run for an indefinite period, and can be sold at any time for what they cost, then bonds bought at 1.04 will pay 2.88 per cent., and the profit from circulation will be this, viz.:

5.34 per cent. + 2.88 per cent. = 8.22 per cent. per annum.  
 Less as above..... 7.30 per cent.

Apparent gain..... 0.92 per cent. per annum.

If the bonds bought at 1.04 are held twenty-two years and then called in and redeemed, the interest realized will be 2.75 per cent., and the profit from circulation will be :

5.34 per cent. + 2.75 per cent. = 8.09 per cent. per annum.  
 Less as before..... 7.30

Apparent gain..... 0.79 per cent. per annum.

If the bonds purchased at 1.04 should, after a few years, be called in and paid, there will be a positive loss of profit in purchasing them as a base for circulation when money can be used in discounting at seven per cent., or six per cent.

O. M. BEACH.

## II. FORGERY.

\$100.

FIRST NATIONAL BANK,  
 KOKOMO, March 2d, 1883.

John Jones has deposited in this bank one hundred dollars payable to order of Sam'l S. Smith on return of this certificate properly indorsed.

The First National Bank, Kokomo, received the certificate from another bank bearing its indorsement. Some time after payment of the certificate a claim was made that the indorsement of Samuel S. Smith was a forgery.

Which bank is responsible, the First National, Kokomo, or the other?

REPLY.—This is a very interesting question, and the liability of the First National turns on the point whether Smith is its customer or not. Our correspondent says that this is "a matter of doubt." It is, of course, a question of fact. In the case of *Stout v. Benoist*, 39 Missouri 277, Morin deposited with Stout a sum of money and received a certificate payable to the order of himself. The certificate was stolen, Morin's name was indorsed, and the holder presented it to an insurance company, asking for payment. The company consented to take it for collection, and sent it to Benoist for that purpose. The latter presented it to Stout for payment and the money was received.

Afterward he brought a suit against Benoist to recover it back. But the court held that he was not entitled to recover. The acceptor of a forged bill, so the court held, is bound to know the handwriting of the drawer, and if he have accepted and paid the bill to a holder *bona fide*, and for a valuable consideration, he cannot recover back the money.

When persons are equally innocent and one is bound to know and act on his knowledge, and the other has no means of knowledge, it would be unjust to burden the latter with a loss for the purpose of exonerating the former. The familiar case in which this principle was first enunciated is that of *Price v. Neal*, 3 Burr. 1355. If it should appear that Smith is the customer of the First National Bank, then it is bound to know his signature and is responsible for the loss. The authorities are very clear in such a case.

But if Smith is not the customer of the First National Bank a different rule is applicable. No principle of law is better established than this, that when

money is paid under a mistake of fact it can always be recovered back. One who pays money on forged paper by discounting or cashing it, says Parsons, can always recover it provided he has not contributed to the fault. *Notes and Bills*, vol. 2, p. 599. If, therefore, Smith is not the First National Bank's customer, it can recover the money of the other, for it certainly has not been guilty of negligence. It is an innocent party and can rightfully look to the other for repayment.

### III. INTEREST.

AMENIA, Dec. 1, 1878.

Five years after date I promise to pay C D, or order, the sum of five hundred dollars with interest. Value received. A B.

Does the foregoing note carry seven per cent. interest until due, or seven per cent. to January 1, 1880, and six per cent. for the remainder of the time?

REPLY.—When the note was given, seven per cent. was the legal rate in New York. The next year the legal rate was changed to six per cent. When the contract was made it is perfectly clear that the maker expected to pay and the other party to receive seven per cent. interest because that was the well-known rate. When the statute of 1879 was enacted, it contained the following proviso:—"Nothing herein contained shall be so construed as to in any way, affect any contract or obligation made before the passage of this act." If the note had specified that seven per cent. should be paid, it certainly could have been collected after the statute of 1879 was enacted. The fact that this rate of interest was fixed by law when the contract was made, renders the obligation not less imperative than it would be if put in writing.

### IV. DEATH OF DRAWER.

Morse in his treatise on Banks and Banking, (p. 278) says: "The death of the drawer, before presentment of the check, operates as an absolute revocation of the power of the bank to pay upon his checks, etc." Daniel in his work on *Negotiable Instruments* combats this view. Have any late decisions been rendered sustaining either of these conflicting authorities, or is it still an open question as to what is law on this point?

REPLY.—Daniel in the last edition of his work, just published, maintains the ground first taken by him; so does Parsons, *Notes and Bills*, vol. 1, p. 287, and this is the more generally accepted view. It seems unreasonable for death to operate as a revocation after a check has been delivered.

AUSTRIAN TAXATION.—Taxation in Austria is not only unjust but onerous, and yet it is insufficient to meet the expenditures. In Vienna new houses are exempt from taxation for twenty-eight years; therefore the burden falls very heavily on old houses; the tax being in some cases forty per cent. of the rental. There is now a proposition before the Reichsrath which is very unpopular and will increase instead of diminishing the weight. A tax on securities is proposed, which will drive foreign capital away, as the tax will fall upon that first. A personal income tax is also suggested, which will range from five eighths of one per cent. to one and one-tenth, while the trades tax is even heavier than all, running from three up to seven and eight per cent. of the capital invested.

## BOOK NOTICES.

*The State in its Relation to Trade.* By T. H. FARRER. London: Macmillan & Co., 1883.

This is the latest issue of the English Citizen Series, the design of which is to put, in a compact and readable form, information on the ordinary conditions and the current terms of English political life. The present volume begins with defining the meaning of the State and of trade, how the former protects life and property by means of legislation, the courts and the executive power, its function in providing weights, measures, and money, while the post-office and railways, taxation, and many other topics are considered. The book is of a thoroughly practical nature, conveying as it does a body of correct information needful to every Englishman who is desirous of understanding his rights and responsibilities. The sale attending the issue of the series is proof that these books are serving a good purpose, beside silently, though strongly, hinting that a similar series adopted to the needs of the American citizen would be equally useful. A better political education by most of our citizens is one of the great needs of the time.

---

*The Statesman's Year Book. Statistical and Historical Annual of the States of the Civilized World for the Year 1882.* London: Macmillan & Co. 1883.

The present volume was not quite so promptly issued as its predecessors in consequence of the death of Mr. Frederick Martin, its founder, and for nineteen years its editor. He died on the 27th of January last, leaving the *Year Book* as the chief monument of his useful and industrious toil. His successor is Mr. J. Scott Keltie, who has introduced some improvements and made many corrections. It is a valuable repository of information, and is, indeed, an indispensable work of reference for any one who has occasion to use precise information relating to the statistics and officials of all civilized countries.

---

*Financial History of the United States. 1789-1860.* By ALBERT S. BOLLES. D. Appleton & Co. 1883.

Some portions of this work have been published in the *BANKER'S MAGAZINE*, and a glance at the table of contents will show the ground covered by the author. He begins with giving an account of the formation of the Treasury Department and the keeping of the public deposits, after which is set forth the action of Congress in funding the Revolutionary debt and the history of its payment; then the revenue system, both with respect to imports and internal taxes, is described; the creation, administration and closing of the first United States Bank, and the receipts, expenditures, and administration of the Treasury Department. This is the ground covered in the first book, which closes with the opening of the war of 1812. The second book describes our financial history during that eventful struggle; how the Treasury was managed, how the money was raised to carry on the war, what taxes were imposed, and the rise of our manufactures. In the third book, extending from the close of the war to 1860, is given an account of our tariff legisla-

tion, our receipts and expenditures, the origin and history of the second United States Bank, its fierce conflict with President Jackson, the Sub-Treasury system, and many other important matters. The author is the pioneer in this particular domain of American history, and his work, therefore, supplies a want which has long been felt.

---

*Webster's Unabridged Dictionary.* G. & C. Merriam & Co., Publishers.  
Springfield, Mass.

This remarkable book now contains over 118,000 words and meanings, and elucidates many of these with copious illustrations. It contains, moreover, a history of the English language, a pronouncing vocabulary, a biographical dictionary of some 9,700 noteworthy persons, with other departments of valuable information. Its definitions of scientific terms are clear and accurate.

---

*Longmans' Magazine.* April, 1883 London: Longmans, Green & Co.  
New York: The International News Co.

The present number completes the first volume of this periodical. The enterprise has proved highly successful, which shows how well the publishers had divined the needs of the public. The number contains an installment of James Payn's story, "Thicker than Water," a very interesting, scientific article entitled, "Wind Force, and How it is Measured," by J. K. Laughton, an entertaining paper on the daffodil or "The Flower of March," by George Milner, in which is mingled numerous happy quotations from the poets concerning this flower. Other contributions in the line of fiction make up the number.

---

MANAGEMENT OF TRUST FUNDS.—On the 14th of March the Supreme Court of Massachusetts rendered a decision in the suits brought by Miss Abby R. Loring and the other children of Christian W. R. Loring, deceased, against George Brodie, trustee under the will of Mr. Loring, and the Merchants' National Bank, to recover trust property disposed of by Brodie. In 1873 Brodie purchased a plantation at Little Rock, Ark., and shipped cotton to Boston to be sold on consignment. He opened an account with the Merchants' National Bank, and to secure the bank for loans advanced he pledged as collateral United States bonds to the amount of \$15,000 and a variety of valuable stocks. The account at the bank was as trustee, and it was understood that the cotton speculation was for the benefit of the trust. The cotton venture proved disastrous in the end, and the bonds and stocks were sold by the bank to make good the indebtedness of Brodie. The case was tried before a single justice in 1879, and has been before the full court for three years. The decree of the full court in one case is that the Merchants' Bank shall restore to the plaintiffs ten shares of the stock of the Essex Company, ten shares of the Fitchburg Railroad stock, six shares of York Manufacturing Company stock, with the dividends received on the several shares and with interest. In the other case the Merchants' Bank is to return to the plaintiffs twenty shares of York Manufacturing stock, eighty shares of Fitchburg Railroad stock, together with all dividends received and interest, and to pay to the plaintiffs the amount received for fifteen United States bonds for \$1,000 each sold by the bank, with interest from the time of the sale. The costs are also to be paid by the Merchants' Bank. The court holds that the stocks and bonds were transferred under such circumstances that the defendant bank was fairly put on inquiry whether the trustee was not improperly dealing with the property of the trust. The amount involved was nearly \$40,000, which has been largely increased by dividends and interest.

## NATIONAL BANKS OF NEW YORK CITY.

*March, 1883.*

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks in the CITY OF NEW YORK, at the close of business on Tuesday, the 13th day of March, 1883, and also on December 30th, and October 3d, 1882.

RESOURCES.	1883. March 13. 48 banks.	1882. December 30. 48 banks.	1882. October 3. 50 banks.
Loans and discounts .....	\$ 238,975,205	\$ 237,243,344	\$ 239,150,374
Overdrafts .....	110,332	73,115	—
U. S. bonds to secure circulation	19,669,650	20,830,150	22,105,150
U. S. bonds to secure deposits...	820,000	820,000	820,000
U. S. bonds on hand .....	3,547,500	1,681,850	3,545,950
Other stocks, bonds & mortgages	13,062,792	12,611,241	12,692,046
Due from other National banks.	16,609,181	21,161,658	19,258,565
Due from State banks & bankers	2,183,208	3,197,392	3,087,917
Real estate, furniture & fixtures.	10,630,091	10,575,723	10,671,839
Current expenses and taxes paid	957,617	274,930	1,092,202
Premiums paid.....	627,586	262,853	665,548
Checks and other cash items...	1,996,816	3,321,954	2,809,544
Exchanges for Clearing House..	82,095,395	121,459,598	174,929,475
Bills of other National banks....	1,286,460	2,389,881	1,634,685
Fractional currency .....	39,505	42,266	43,131
Specie, viz.:			
Gold coin.....\$ 8,771,182	42,691,871	50,551,826	44,523,883
Gold Treas. cert's. 10,813,320			
Gold C. H. cert's. 21,818,000			
Silver coin..... 479,918			
Silver Treas cert's. 809,450			
Legal-tender notes.....	13,508,371	14,193,610	16,956,390
U. S. certif. of dep. legal-tenders.	1,845,000	1,655,000	1,970,000
Five-per-cent. Redemption fund	864,792	935,448	—
Due from U. S. Treasurer.....	159,035	740,847	1,584,827
	<hr/> \$ 451,740,408	<hr/> \$ 504,022,691	<hr/> \$ 557,541,532

## LIABILITIES.

Capital stock paid in.....	\$ 50,350,000	\$ 50,350,000	\$ 51,650,000
Surplus fund .....	23,322,502	23,087,690	21,314,109
Other undivided profits .....	10,195,214	9,150,742	13,970,753
National bank notes outstanding	17,185,965	17,997,210	19,270,285
State bank notes outstanding ...	47,349	47,417	47,446
Dividends unpaid.....	169,022	1,530,903	228,864
Certified checks.....	47,163,036	54,081,103	325,268,903
Individual deposits.....	169,845,263	214,960,698	
United States deposits .....	431,458	437,649	425,115
Deposits of U. S. disburs'g officers	243,736	152,772	127,363
Due to other National banks...	97,915,190	97,881,377	90,104,274
Due to State banks and bankers	34,871,680	34,339,127	35,134,415
	<hr/> \$ 451,740,408	<hr/> \$ 504,022,691	<hr/> \$ 557,541,532

Reserve deficient, \$ 3,527,866. Proportion of reserve to liabilities, 23.59 per cent.

## BANKING AND FINANCIAL ITEMS.

**NATIONAL BANK CIRCULATION.**—Comptroller Knox, in a letter to a bank president, gives his reasons for believing that there will not, during the coming year, be any dangerous or troublesome diminution of currency by retirement of bank circulation. He shows that of \$54,000,000 of three-and-one-half-per-cent. bonds outstanding on March 1, 1883, the National banks hold only about \$14,000,000, while they hold \$198,000,000 of threes out of \$297,000. Nearly three-quarters of three-per-cent. bonds held by the banks are among the first bonds issued. The securities held by National banks will, therefore, not be affected to a great extent during the coming year by the payment of bonds. The Comptroller also finds a basis for confidence in the fact that the greater part of the circulation is held by banks in geographical locations where the profit upon it is sufficient inducement for them to continue to hold the high-priced bonds, and to replace such small amounts as may be called with others.

**EXPIRING BANK CHARTERS.**—Thus far 314 National banks have had their charters extended, 270 having been authorized to extend on February 24th. This completes the extensions of the banks chartered under the Act of Feb. 25th, 1863. The first bank whose charter is to expire under the Act of June 3d, 1864, will do so on January 10, 1884. During that year the charters of 249 banks, with a capital of \$89,611,570, and circulation \$60,526,825, are to expire, and during the year 1885, 733 banks with a capital of \$188,087,775, and circulation \$125,635,450, will expire.

**NATIONAL BANKS OF NEW YORK CITY.**—The abstract of official reports, which appears on page 793, shows that while the capital and loans are nearly the same, there is a large falling off in the amount of individual deposits since the previous report. The deposits, not including certified checks were, on December 30, \$214,960,698, and on March 13, \$169,845,263; a decrease of about forty-five millions.

A comparison of the amount of certified checks held at the dates of the three last statements, shows a very large reduction in this item. The amount of outstanding certified checks on October 3, 1882, was \$137,208,350; on December 30, \$54,081,103; on March 13, 1883, \$47,163,036; the reduction since October 3, being more than ninety millions, and since December 30, nearly seven millions. There has been a large reduction in every National bank of this city except one, in which there has been an increase.

**LIFE INSURANCE.**—The thirty-eighth annual report of the New York Life Insurance Company shows that the cash assets of this company have reached an aggregate exceeding Fifty Millions of Dollars, while its surplus, by the New York Standard of four and a-half per cent., is Ten Millions. Success attained under the rigidly careful and conservative management of this company is sure to be permanent, and is the more worthy of honor when thus achieved.

**TREASURER GILFILLAN'S RETIREMENT.**—In the retirement of James Gilfillan, Treasurer of the United States, the Government loses a man it cannot replace. He made so little show that few knew of his existence. He despised notoriety and did his work for eight or ten hours a day without bragging about it to the world. General Spinner was called the watch-dog of the Treasury, and yet he lost many thousands of dollars, from the payment of which Congress released him. Mr. Gilfillan never lost a dollar, but, by his integrity against cliques, he saved thousands to the Treasury, and nobody was high enough to influence him against what he thought to be his duty.

—*Wash. Letter to Phila. Press.*

**MR. GILFILLAN'S SUCCESSOR.**—The President has appointed A. U. Wyman, Assistant Treasurer of the United States, to succeed Mr. Gilfillan. The bond required of him is \$150,000. Mr. Wyman was born September 25, 1833. He received a common school education in Madison, Wis., and then entered the printing office of his father. From that he went into the banking business in Madison and Omaha. In 1863 he was appointed to a clerkship in the office of the Treasurer of the United States, at a salary of \$1200 a year, and has since filled every grade in the office. He resigned the office of Assistant Cashier January 1, 1868, and in September, 1879, he was made Cashier. On April 1, 1875, he became Assistant Treasurer. He was nominated by President Grant on June 28, 1876, as Treasurer, and on the following day the nomination was confirmed by the Senate. Mr. Wyman held the position from July 8, 1876, to July 1, 1877, when he was succeeded by James Gilfillan, of Connecticut. Since then he has been Assistant Treasurer. As State Printer in Wisconsin Mr. Wyman was the most youthful officer on record, and when he first held the office of Treasurer he was the youngest man, with one exception (Thomas Tudor Tucker, of South Carolina), who ever held the position.

**MICHIGAN.**—The organization of the Detroit Clearing-House Association was perfected on March 22d, at a meeting of those interested held at the First National Bank.

H. P. Baldwin was elected President of the association, Frederick W. Hayes, Manager, and E. C. Bowman, Secretary. The standing committee, known as the Clearing-House Committee, which is to have general control of the affairs of the association, consists of A. H. Dey, President of the American National Bank; Emory Wendell, President of the First National Bank; Edward H. Butler, Cashier of the Mechanics' Bank; M. W. O'Brien, Cashier of the People's Savings Bank; and David Preston, of the banking house of David Preston & Co.

There are fourteen banking houses in the association, as follows: First National Bank, Commercial National, Detroit National, American National, Merchants and Manufacturers' National, Mechanics', German-American, Market, Detroit Savings, People's Savings, Michigan Savings, D. Preston & Co., A. Ives & Sons, J. L. Harper & Co.

**MICHIGAN.**—The First National Bank of Grand Rapids being among those whose charter expired in February, is closing up its affairs. It is succeeded by the "Old National Bank of Grand Rapids," the new organization having the same officers and management. The capital, now the same as before, is shortly to be doubled, and everything betokens a prosperous future for it.

**MONTANA.**—A report of the proceedings of a meeting of the Stockholders and Directors of the First National Bank of Helena, held February 21st, gives some idea of the rapid growth of the banking interests of that Territory. First in the increase of the capital stock of this bank from \$100,000 to \$300,000, which with its present net surplus and profits of \$203,476.62 gives it an actual working capital of half a million of dollars. A statement from Cashier E. W. Knight accompanied the report, which showing the business increase of three years, is very interesting. Some of these figures are as follows:

Total cash transactions for the year 1882, \$73,084,120; for the year 1879, \$26,240,268; increase, \$46,843,852. Largest day's transactions in 1882, \$1,729,723; in 1879, \$387,947. Total deposits, February 1, 1883 (2501 accounts), \$1,905,049.48; same, February 1, 1879 (815 accounts), \$732,787.37; increase in deposits, \$1,172,262.11. The net profits for the thirteen months ending February 1, 1883, were \$100,370.13. This is certainly a highly creditable showing, and speaks well for the management of the officers and Directors of the bank.



**SILVER CERTIFICATES.**—Mr. Gilfillan has estimated that under the recent order of Secretary Folger authorizing the issuing of silver certificates for gold deposited in the Sub-Treasury at New York, upward of \$20,000,000 worth of such certificates will be issued during the present year. The effect will be to increase the amount of the gold reserve in the Treasury. The reason for issuing silver certificates instead of gold certificates for deposits of gold is that silver certificates are redeemable at any Sub-Treasury, while gold certificates are payable only at New York. The gold can be deposited at New York and silver certificates issued at Chicago or any other city desired, while gold certificates are issued only at the Sub-Treasury where the deposits are made.

**NORTH CAROLINA.**—The State of North Carolina is now issuing new four-per-cent. bonds in accordance with the Funding Act of 1879, interest being waived from July 1, 1880, to date. The North Carolina Funding Act of 1879 provided for the funding of her debt into new four-per-cent. thirty-year bonds, drawing interest from July 1, 1880, and allowed forty per cent. for bonds issued before May 20, 1861, twenty-five per cent. for new bonds, and fifteen per cent. for the Funding Act issues of 1866 and 1868. All past due coupons are to be surrendered.

**CINCINNATI.**—The Cincinnati National Bank was organized on March 18th, with the following Board of Directors: Joseph F. Larkin, L. Pappenheimer, J. E. Douglass, John B. Hart, K. F. Benndorf. The officers elected are Joseph F. Larkin, President; K. F. Benndorf, Vice-President; Edgar Stark, Cashier. The capital stock is \$500,000, the stockholders number 168, and the bank will be ready for business in April. Mr. Larkin, the President, is a banker of long experience, and will undoubtedly make the new bank a success.

**WISCONSIN.**—The charter of the First National Bank of Oshkosh having expired by limitation February 24th, the institution has been re-organized. Its capital is increased to \$200,000, with the same officers and substantially the same Directors, the new corporate name of the bank being The National Bank of Oshkosh. The officers are S. M. Hay, President; Philetus Sawyer, Vice-President, and Charles Schriber, Cashier.

**MEXICO.**—The Treasury Department of Mexico has just published an official valuation of "landed property" in the republic, that puts its total at upward of three thousand million dollars, of which nearly two-thirds are credited to "urban" estates, one-fourth to "rural" estates, and the remainder (exclusive of property devoted to religious uses) to estates pertaining to the Government. The precise figures in these subdivisions are \$1,961,036,000, \$773,000,000, and \$340,000,000; total, \$3,074,036,000.

**CANADIAN BANKING.**—With a view of putting an end to the alleged violations of the Bank Act by the Canadian banks, amendments of the existing law are promised, whereby it is believed the practice of making advances upon bank stocks will be made liable to penalties sufficiently heavy to ensure the abolition of that class of loans. Another amendment is in the nature of a penalty for the increase of circulation beyond the amount of the paid-up capital of the bank. In this instance it is believed that the penalty will be upon a sliding scale, but sufficiently severe to cause the practice to disappear. Other amendments are in the direction of prohibiting the creation of private banks and enforcing a prompter compliance with the standing orders for the monthly returns.

**DEMONETIZATION OF SILVER IN HOLLAND.**—Holland has at last commenced the demonetization of silver, a bill for this purpose having passed the Council of State, and being now brought forward as a Government measure in the lower house of the Dutch Parliament. We note this interesting fact as the only result of the Paris Monetary Conference, in which Holland was relied upon to stand firm for the dual standard. The bill provides for selling \$10,500,000 of silver in the open market. This will furnish five months' supply to our mint. The Bank of France is preparing itself for a like change. But it does not propose to stand the loss. It is, therefore, rapidly accumulating gold and paying out its silver.—*Boston Economist.*

**RAILROAD CAPITAL.**—The railroad capital raised in Europe in 1882, according to the Belgian *Moniteur des Interets Matériels*, was \$564,084,000; \$164,000,000 of which was for America, while \$225,000,000 was for Great Britain and its colonies. The Russian roads raised \$25,000,000, Holland and Austria-Hungary each about \$16,000,000. The total issues of new capital in Europe for new railroads, Government, and municipal loans and banking establishments for five successive years are reported as follows in millions of dollars:

1878.....	\$86,900,000	..	1881.....	\$140,260,000
1879.....	86,000,000	..	1882.....	93,500,000
1880.....	106,040,000			

**PARIS MINT.**—Morocco has contracted with the Paris Mint for coins of various denominations, representing a total value of about \$5,000,000. On one side of the coin will be stamped a verse from the Koran, and on the other the date according to the Hegira. The Paris Mint frequently accepts contracts of this sort from abroad. It is also under contract at the present time to supply 2,500,000 coins of five and ten liptas (one cent and two cents) to the Hellenic Government within the next three years. There are twenty-two presses in the mint, and they are said to be capable of manufacturing 593,000 coins per day. Each press, when doing its best, can turn out forty-five coins per minute.

**SAP-TROUGH CURRENCY.**—At a reunion of the settlers of a county in one of the Western States, one of the speakers said: "One of the great inconveniences from which the pioneers suffered was the want of a circulating medium, a representative of money. They were far from the center of business, and banks and printing-presses were not as numerous then as they are to-day. One of the substitutes for money which they used was black salts, as they were called. This was a crude kind of potash, made by boiling down the lye obtained from wood-ashes. The best ashes were those obtained from the elm tree, which grew abundantly and of great size in our old forests. After the salts were obtained they were packed in barrels and sent to Canada for a market. They found a ready sale for specie or its equivalent. Indeed, in the first decade of the century they practically served the purpose of a legal tender, although never made so by law. But the man who had a barrel of black salts had a small bonanza that was as 'good as the gold.' During the early years of the settlement of the State of Connecticut, in which a good deal of maple sugar was manufactured, a law was passed making sap troughs a legal tender. These were even less convenient as a substitute for money than black salts. These are suggestive facts, and, with your permission, a practical lesson may be drawn from them, applicable in some points, to the circumstances of the present time. Suppose it were known, with a reasonable degree of certainty, how many sugar-maple trees there were in Connecticut, and that it was known with the same degree of certainty about how much sugar it was necessary to make each year. Let us further suppose that there were actually made and ready for use ten times as many sap troughs as there were sugar-maple trees in the whole State. Now, in this state of things, times being hard and business dull, suppose that somebody should propose, as a measure of relief, that there should be an increase in the number of sap troughs? Suppose an inflation of the sap-trough currency should be proposed and that a party should be organized with this as one of the most important planks in its platform. Suppose, further, that individuals, sole or several, single or in associations, should be forbidden to make or issue any more sap-troughs, but that the State should be required to exercise this function, and exercise it so effectually that sap troughs should be as plenty in the land as silver was in Jerusalem during the reign of Solomon. And after the law making them a legal tender had been repealed, suppose the wise men of the West should become clamorous for the remonetization of sap troughs, would you elect to offices of trust and profit or erect monuments to the extraordinary geniuses who should propose this scheme? Or would you, rather, apply to their heads the prefix which characterized the troughs?"

## OBITUARY.

**WILLIAM H. PRATT**, President of the Bank of Mobile, was crushed to death by a railroad train at Birmingham, Alabama, on March 3d. Mr. Pratt was born in New York in 1811. His business training was in mercantile life, and led him at an early age to North Carolina. In 1836 he embarked with E. Spencer Colton and Wm. Stewart, in establishing the cotton-factorage house of Colton, Stewart & Co., at Mobile. The business thrived from the start, and Mr. Pratt invested advantageously. In 1852 he retired from the firm and spent some years in foreign travel. He continued, however, his business relations with Mobile, and was annually re-elected a Director of the Bank of Mobile. After the war Mr. Pratt returned from Europe and resided upon a sugar plantation in Louisiana until 1873. In January, 1874, he was elected President of the Bank of Mobile, in the management of which he displayed great ability, and made it the solid institution which it now is.

Mr. Pratt had never been more busily occupied than during the last eight years of his life, and at no time has his life been of so much value to the community in which he lived. Widely known throughout this country, he was recognized everywhere as an upright and energetic man of business, far-seeing in his policy, strong in support of his theories and unswerving under difficulties. His tact and courtesy, his never-failing good temper and self-control, were qualities which recommended him to every one with whom he came in contact.

**GEORGE W. RATHBONE**, formerly President of the Associated Banks of the State of Indiana, died in this city on March 11th, aged sixty-nine, after an illness from which he had suffered for several years. Mr. Rathbone was born in this State, in 1813, but in 1817 his father removed with the family to Vincennes, Ind. Early in life he began his career as a banker by entering the Vincennes branch of the old State Bank of Indiana. In 1847 he was made Cashier of the Evansville branch, and from that date was one of the leading citizens of the latter city and its most prominent financial official. In 1863, when Hugh McCulloch was called from Indiana to Washington by President Lincoln, to organize the National-banking system, Mr. Rathbone was unanimously elected by the twenty branches which made up the Bank of the State of Indiana as his successor in the Presidency of that organization, and he remained in that position up to the period of the merging of the State banks into the National banking system. Mr. Rathbone was for a number of years afterward the President of the Evansville National Bank. In 1869 a nervous affection, from which he had suffered for several years, compelled him to relinquish business pursuits entirely, and he came to this city to place himself under skillful medical care. He remained in New York after that date. Mr. Rathbone possessed refined literary tastes and was a ready writer. He was a man of liberal tendencies and used his means and his talents for the best interests of his fellow-citizens.

**JULES F. JANIS**, of the banking firm of Harris & Janis, died on March 4th at his residence in St. Genevieve, Mo. Mr. Janis was born in Fredericktown, Mo., in 1834. He removed to St. Genevieve on becoming of age, and for a period of twenty years was engaged in merchandising. Retiring from this business he entered into that of banking with Mr. O. D. Harris and continued therein until his death.

Mr. Janis was universally known and respected throughout the region in which he lived, not only for his integrity of character, but for a large-hearted charity, which made him ever ready to relieve the wants of those who were in distress.

GEORGE T. MARYE, who died on January 24th, at San Francisco, was born at Luray, Virginia, in 1818. He was for some years in the dry goods business in Baltimore, but went to California among the pioneers of 1849. At San Francisco he dealt largely in real estate, and built the first wharf in that city. His business enterprises were very profitable.

In 1869 he went to Virginia City, Nevada, to engage in banking and the brokerage business, and the step proved to have been well-timed, for not very long afterwards came the great excitement in the stock market attendant upon the Crown Point and Belcher discovery, and still later the unprecedented upheaval of the bonanza period. Mr. Marye's business became enormous during the era of wild speculation following upon the Consolidated Virginia and California development. The rush was so great that his office in Virginia was never closed day or night. It is illustrative of the independence of Mr. Marye's character and strength of will, that during this whole period, although in constant intercourse with men who were dealing largely and growing rich through their ventures, he never bought or sold a share of stock on his own account. He was wont to say that the profits of his business, if he would keep them, were enough for him. Mr. Marye opened his own office in San Francisco in 1875. He had during the preceding two years paid his San Francisco brokers \$111,474 in commissions.

SCOTCH INVESTMENTS IN THE UNITED STATES.—Investments in the United States are so popular in Scotland that companies which act as intermediaries for loaning are notably thriving in Dundee. The first Scottish-American Trust Company paid in 1882 eight per cent. dividends and increased its reserve funds from \$190,000 to \$200,000; its capital is \$1,500,000, and its \$500 shares stand at fifty-three premium. The second company, with \$2,000,000 capital, has over fifty-five premium for its \$500 shares; it earned in 1882 over nine per cent., paid eight and one quarter, and increased its reserves from \$220,000 to \$235,000. A third company paid seven and one half per cent., made about the same addition to reserves, and has about the same rating for its stock as the last named. Another paid ten per cent., and the Oregon and Washington Bank claims to show a net gain of twenty per cent. The Dundee Land Investment Company, and the Texas Land and Cattle Company, with capitals of \$2,500,000 and \$3,150,000, have started and got into working order in Dundee within the past year. The policy of these companies in accumulating large reserves steadily has enabled them, it is said, to borrow on debenture bonds at  $4\frac{1}{4}\%$  to  $4\frac{3}{4}\%$ , compared with five or six per cent. a year ago. The suggestion, of course, is that the funds so borrowed are reloaned in this country at larger rates, but the process seems singular; for to invest funds in low-rate bonds which are hypothecated at higher rates in order to obtain funds for reloaning at still higher would be peculiar financiering. The debenture bonds would be a needless intermediary in such a case, but it would be shorter and more profitable to put the surplus into the highest loans at once; and the surplus or reserves are not rendered any safer by this method since the debenture investments, having been hypothecated, stands only upon the success of the ultimate high-rate loans. This sketch is upon the authority of the Consul at Dundee, and if not overdrawn it certainly suggests that "cautionary signals" would not be amiss for the residents of that region, lest they overdo the business and get too much of American investments.

ANTWERP MERCHANTS.—The merchants of Antwerp were at one time the wealthiest body of men in Europe. As an illustration of this, a story is told of one John Daens, who loaned to Charles the Fifth a million of gold, to enable him to carry on his wars in Hungary, for which he obtained the royal bond. The King on his return dined with the merchant, who, after a most sumptuous banquet, produced the bond, not, however, for payment, but to burn it, which he is said to have done in a fire made of chips of cinnamon.

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 720.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ALA....	Bank of Mobile.....	Albert C. Danner, <i>Pr.</i> ....	W. H. Pratt.*
CAL....	Bank of British North America, San Francisco.	W. Lawson and C. E. Taylor, <i>Agents</i> .....	A. McKinlay.
" ..	Bank of Anaheim.....	Plez James, <i>Pr. and Business Manager.</i>	
" ..	Bank of Woodland.....	C. F. Thomas, <i>Cas.</i> .....	C. W. Bush.
COL....	Bank of Durango.....	J. L. McNeil, <i>V. P.</i> .....	W. Barth.
ILL....	Merchants' National Bank, Chicago.	F. W. Crosby, <i>Sec'd V. P.</i>	.....
" ..	B'k Brit. North Amer., " Chicago.	John C. Neely, <i>Cas.</i> .....	.....
" ..	" .. " .. " ..	H. M. Breedon, <i>Agent</i> ....	R. Steven.
IOWA..	First National Bank, Indianola.	J. G. Sandy, <i>Pr.</i> .....	A. R. Henry.
" ..	First Nat'l B'k, Mount Pleasant.	Elisha Hardin, <i>V. P.</i> .....	J. G. Sandy.
" ..	First Nat'l B'k, Washington.	T. J. Van Hon, <i>Cas.</i> .....	H. S. Clarke.
" ..	" .. " .. " ..	Norman Everson, <i>Pr.</i> ....	J. Keck.
" ..	" .. " .. " ..	William Blair, <i>V. P.</i> .....	.....
" ..	" .. " .. " ..	Frank Knox, <i>A. C.</i> .....	.....
KANSAS.	First National Bank, Cawker City.	H. P. Stimson, <i>V. P.</i> ....	E. E. Parker.
" ..	" .. " .. " ..	E. E. Parker, <i>Cas.</i> .....	H. P. Stimson.
KY....	Lexington City Nat'l B'k, Lexington.	Richard P. Stoll, <i>Pr.</i> ....	J. M. Graves.
" ..	" .. " .. " ..	James M. Graves, <i>Cas.</i> ...	G. Stoll, Jr.
" ..	National Bank of New Castle.	J. G. Scrugham, <i>A. C.</i> ....	J. P. Shaw.
" ..	" .. " .. " ..	L. M. Sanford, <i>Pr.</i> .....	G. C. Castleman.
MASS..	Central National Bank, Boston.	Moses W. Richardson, <i>Pr.</i>	S. Carr, Jr.
" ..	First National Bank, Grafton.	Horace S. Warren, <i>Pr.</i> ...	L. F. Allen.*
" ..	Central Nat'l B'k, Worcester.	Joseph Mason, <i>Pr.</i> .....	J. C. Mason.*
MICH..	Second Nat'l B'k, Hillsdale.	Corvis M. Barre, <i>Cas.</i> ...	O. H. Gillam.
MINN..	First National Bank, Owatonna.	C. J. Kinyon, <i>V. P.</i> .....	L. Anderson.
" ..	Second Nat'l B'k, St. Paul.	G. R. Kinyon, <i>Cas.</i> .....	C. J. Kinyon.
" ..	" .. " .. " ..	D. A. Monfort, <i>Cas.</i> .....	A. E. Ferté.
N. MEX.	First National Bank, Las Vegas.	George J. Dinkel, <i>V. P.</i> ...	L. P. Browne.
" ..	First National Bank, Socorro.	J. S. Reynolds, <i>Cas.</i> .....	G. J. Dinkel.
" ..	" .. " .. " ..	H. W. Hardy, <i>A. C.</i> .....	.....
N. Y....	Cuba National Bank, Cuba.	Charles S. Davis, <i>Cas.</i> ...	G. Bishop.*
OHIO..	German National Bank, Cincinnati.	John Hauch, <i>Pr.</i> .....	A. Pfirrmann.
" ..	Second Nat'l B'k, Jefferson.. (In liq.)	Florence Marmet, <i>V. P.</i> ...	J. Hauch.
" ..	" .. " .. " ..	E. J. Betts, <i>Pr.</i> .....	S. A. Northway.
" ..	" .. " .. " ..	S. H. Cook, <i>Cas.</i> .....	S. T. Fuller.
OREGON	Bank British North America, Portland.	J. Goodfellow and H. J. M. McMichael, <i>Agents.</i>	.....
PENN..	Spring Garden Bank, Philadelphia.	Francis W. Kennedy, <i>Pr.</i>	T. Kennedy.
" ..	" .. " .. " ..	George W. Simons, <i>V. P.</i>	.....
" ..	National B'k of Chambersburg.	Henry H. Kennedy, <i>Cas.</i>	F. W. Kennedy.
" ..	Chester National Bank.....	W. L. Chambers, <i>Pr.</i> ....	E. Culbertson.
" ..	" .. " .. " ..	S. H. Seeds, <i>Cas.</i> .....	R. Wetherill.
" ..	National Bank of Christiana.	James D. Reed, <i>V. P.</i> ....	.....
" ..	" .. " .. " ..	Isaac W. Slokom, <i>Cas.</i> ...	W. H. Sproul.
" ..	First National Bank of Union Mills, Union City.	John Landsrath, <i>Pr.</i> ....	E. W. Hatch.
" ..	" .. " .. " ..	Edwin N. Thomas, <i>Cas.</i> ...	J. Sill.
" ..	" .. " .. " ..	Joseph Sill, <i>A. C.</i> .....	.....
TENN..	First National Bank, Nashville.	L. R. Fastman, <i>A. C.</i> ....	.....
TEXAS..	Nat'l B'k of Texas, Galveston.	J. J. Headley, <i>V. P.</i> .....	.....
VT....	First National Bank, Brandon.	Frank E. Briggs, <i>Cas.</i> ...	H. C. Copeland.
" ..	First National Bank, Chelsea.	John L. Bacon, <i>Cas.</i> .....	J. C. Clark.
" ..	First Nat'l B'k, St. Johnsbury.	John C. Clark, <i>A. C.</i> ....	A. B. Noyes.
WASH'N	First National Bank, Dayton.	C. R. Dow, <i>Cas.</i> .....	J. W. Gray.
WIS....	Union National Bank, Racine.	E. C. Deane, <i>Cas.</i> .....	E. B. Kilbourn.

\* Deceased.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from March No., page 722.)*

- NEW YORK CITY..... D. A. McTavish and Wm. Lawson; now D. A. McTavish and H. Spikeman.  
 " " " .... Hilmers, McGowan & Co.; Lewis Roberts, Jr., retires.  
 " " " .... Poor & Oliphant; dissolved.
- ARK... Newport..... L. Hirsch & Co.; succeeded by Wolff & Goldman.
- COL.... Denver..... Exchange Bank; J. M. Strickler appointed Receiver.
- IND.... No. Manchester. Manchester Bank; now First National Bank. Same management. \$50,000.
- IOWA... Oskaloosa..... Farmers and Traders' Bank; now Farmers and Traders' National Bank. Same president. John H. Warren, *Cas.* H. S. Howard, *A. C.* \$100,000.
- KY..... Owenton..... National Bank of Owen; voluntary liquidation March 5. Succeeded by First National Bank. Same management. \$63,000.
- LA..... Shreveport..... E. & B. Jacobs; now E. & W. B. Jacobs. E. & B. Jacobs continue the general store business.
- MICH... Brooklyn..... N. G. King & Co.; now Farmers' Bank. Incorporated. Same management. \$50,000.  
 " .. Midland City.. First National Bank; voluntary liquidation February 5.
- MINN... Glencoe..... Bank of Glencoe; now incorporated. Same officers. \$50,000.  
 " .. New Ulm..... Citizens' National Bank; voluntary liquidation March 1.
- MISS... West Point.... Stockard, Bonner & Co.; succeeded by First National Bank.
- MONT.. Helena..... First National Bank; capital increased to \$300,000.
- NEB... Carleton..... H. B. Hamilton; sold out.  
 " .. Davis City.... Butler County Bank; now First National Bank. Same officers. \$50,000.  
 " .. Fairfield..... Anthony & Newcomb; dissolved.
- NEVADA Cherry Creek. Grey & Collins; attached.
- N. H... Concord..... First National Bank; charter extended to Feb. 24, 1903.
- N. Y.... Arcade..... Arcade Bank (B. F. Hurty & Co.); reported assigned. First National Bank; surp. and und. pr., March 13, \$40,484.
- PENN... Philadelphia... De Haven & Townsend; removed to 36 South Third St.  
 " .. Chester..... Samuel A. Dyer; succeeded by Chester National Bank. \$100,000. S. A. Dyer, *Pr.* S. H. Seeds, *Cas.*  
 " .. Kutztown..... National Bank of Kutztown; removed to Reading as the Keystone National Bank. Same Cashier. Isaac McHose, *Pr.* \$50,000.  
 " .. New Brighton. R. E. & H. Hoopes; suspended and assigned.  
 " .. Oxford..... Oxford Banking Co.; now Farmers' National Bank. Same officers. \$75,000.  
 " .. Pittsburgh.... Peoples' National Bank; surplus increased to \$250,000.  
 " .. Reynoldsville.. F. K. Arnold & Co.; to be succeeded, July 1, by Ira C. & G. W. Fuller.
- TEXAS.. Gainesville.... First National Bank; Paid Capital, March 13, \$201,000. Undivided Profits, \$10,666.  
 " .. McKinney..... Collin County Bank; now Collin County National Bank. Girard A. Foote, *Pr.* William L. Boyd, *Cas.* \$75,000.
- VT..... St. Johnsbury.. First National Bank; charter extended to Feb. 24, 1903.
- VA..... Roanoke..... Bank of Virginia; now Roanoke National Bank. Same officers. \$50,000.
- ONT.... Hagersville.... M. Minkler; financially embarrassed.  
 " .. Waterford.... M. Minkler & Co.; assigned.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from March No., page 723.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ILL....	Waterloo.....	Commercial Bank.....	Kountze Brothers.
IND....	Greencastle.....	Central National Bank....	Ninth National Bank.
		\$ 100,000 DeWitt C. Bridges, <i>Pr.</i>	Daniel W. Lovett, <i>Cas.</i>
"	.. Hope.....	Citizens' Bank.....	Continental National Bank.
IOWA...	West Union ...	Bank of West Union.....	.....
"	"	.. Union Banking Co.....	Ninth National Bank.
KY....	Lexington.....	Second National Bank....	.....
		\$ 100,000 David H. James, <i>Pr.</i>	W. D. Nicholas, <i>Cas.</i>
MASS...	Boston .....	Basset, Whitney & Co....	J. D. Probst & Co.
MICH...	Detroit .....	Clearing-House Assoc....	.....
		H. P. Baldwin, <i>Pr.</i>	Fred'k W. Hayes, <i>Mgr.</i>
"	.. Clarkston. ....	G. W. King .....	.....
MO....	St. Joseph .....	Saxton National Bank....	.....
		\$ 100,000 A. M. Saxton, <i>Pr.</i>	R. W. Hocker, <i>A. C.</i>
OHIO...	Barnesville ....	People's National Bank...	.....
		\$ 50,000 J. S. Ely, <i>Pr.</i>	A. E. Dent, <i>Cas.</i>
PENN...	Boyetown.....	Farmers' National Bank..	.....
		\$ 50,000 Thos. J. B. Rhoads, <i>Pr.</i>	William R. Grim, <i>Cas.</i>
"	.. Reading.....	Penn National Bank.....	United States Nat'l B'k.
		\$ 100,000 Isaac W. Levan, <i>Pr.</i>	Calvin D. Moser, <i>Cas.</i>
VT....	Rutland.....	Killington National Bank.	.....
		\$ 100,000 Redfield Proctor, <i>Pr.</i>	Edwin P. Gibson, <i>Cas.</i>

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from March No., page 718.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2895	Farmers & Traders' Nat'l Bank.. Oskaloosa, IOWA.	John Siebel, H. S. Howard.	\$ 100,000
2896	Central National Bank..... Greencastle, IND.	DeWitt C. Bridges, Daniel W. Lovett.	100,000
2897	First National Bank..... Aurora, NEB.	T. A. McKay, William C. Wentz.	50,000
2898	Saxton National Bank..... St. Joseph, Mo.	A. M. Saxton, R. W. Hocker, <i>A. C.</i>	100,000
2899	Penn National Bank..... Reading, PA.	Isaac W. Levan, Calvin D. Moses.	100,000
2900	Farmers' National Bank .....	Thomas J. B. Rhoads, William R. Grim.	50,000
2901	Second National Bank .....	David H. James, W. D. Nicholas.	100,000
2902	First National Bank .....	Thomas Wolfe, J. W. Gross.	50,000
2903	First National Bank .....	Jesse Arnold, John R. Wallace.	50,000
2904	Chester National Bank..... Chester, PA.	Samuel A. Dyer, Richard Wetherill.	100,000

No.	Name and Place.	President and Cashier.	Capital
2905	Killington National Bank . . . . . Rutland, Vt.	Redfield Proctor, Edson P. Gilson, <i>Act'g Cas.</i>	100,000
2906	Farmers' National Bank . . . . . Oxford, Pa.	James Wood, David M. Taylor.	75,000
2907	Roanoke National Bank . . . . . Roanoke, Va.	E. G. McClanahan, P. J. Wright.	50,000
2908	People's National Bank . . . . . Barnesville, OHIO.	J. S. Ely, A. E. Dent.	50,000
2909	Collin County National Bank . . . McKinney, TEXAS.	Girard A. Foote, William L. Boyd.	75,000

IDENTIFICATION BY HANDWRITING.—A good handwriting is getting to be one of the lost arts. The fathers and grandfathers of the present generation, as a general thing, wrote a handsomer and more legible hand than do the children and grandchildren. There is one point in penmanship to which I have just been giving some attention. It relates to the testimony of handwriting. Not long ago a man was hanged in New England by handwriting experts. As a class, such experts ought not to have influence enough to hang a cat. And now it is claimed that some Brussels murderers have been run down by tell-tale tricks of their penmanship. The readers of this little note may be assured that the writer of it knows individuals who can write other people's names so cunningly that these other people cannot decide whether the signatures are their own or not. I have actual cases in mind where this puzzle has been tried. One notable instance I must mention. The State of Massachusetts not many years since had two of its bonds presented for redemption which seemed precisely alike. One was a forged bond throughout. The officers whose names appeared upon these bonds could not tell "which was which." But this is nothing. I have a man near me who can write your signature and mine or the signature of any person that may be placed before him as a study so cunningly that neither you nor I can tell which is which. It is lucky that he is an honest man, or he might do dangerous work with your name on a big check or note. Bankers in the United States place little reliance upon signatures as a means of identification in payment of checks, &c. The person who presents a check to a Boston bank for payment must be positively identified before the money will be paid to him. It is in vain for him to offer any handwriting testimony as evidence that he is the right man. And it does not make any difference whether the check is payable to bearer or order. Identification in both cases is demanded. In England one finds a most marked difference from this way of doing business. The Paying Teller of a London bank tries to assure himself that the face of a check is all right, both in point of signature of drawer and as regards the drawer's balance, and then slaps out the money to whoever presents the check. It matters not whether the check is payable to order or to bearer. He demands no identification in either case. He only looks upon the back of the order check to see if it has the name indorsed. This check-paying custom did not always prevail in England. At one time the English practice in these premises was the same as ours is now. At that time we copied our custom from them. They have since progressed out of it. We remain tied to their old style. We shall get out of this rut one of these days. The great bankers of London long ago found they could never get through their business if the identification responsibility was to remain upon them. They pressed the matter upon the attention of Parliament. Parliament came to their relief. It said, pay checks to whoever presents them, and your whole duty is done. If I to day drop my check in London, made payable to order of W. B. Morrill, the first rascal that picks it up in the streets and puts Mr. Morrill's name on the back may collect that check—and get imprisoned for life for so doing. It is, of course, the imperative duty of any person who has lost a check to have its payment stopped at once.

—*Boston Banker in Exeter (N. H.) News Letter.*



## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

The month of March, as indicated in our last, has been a "bear" month in all the speculative markets, except stocks. Indeed, it has been a "bear" month in most of our legitimate industries. In plain English, the business of the country, as well as its speculation, has not been satisfactory. There has not been the improvement that had been expected, from the way the year began in speculative circles, when prices were sent up like a rocket, on the expectation of increased export demand for our wheat, and large imports of gold in return. The goose that was to lay these golden eggs was killed by too much anticipation on the part of speculators, who ran wheat so high that Europe could not buy. At the same time they called out the supplies in the hands of our farmers, who improved the opportunity to get the advance of twenty to twenty-five cents on wheat, ten cents on corn, and five cents on oats. Hence, while the export movement for March has been much lighter than was expected, the interior movement has been much larger, with the unexpected result of a visible supply of grain of nearly all kinds, in the United States, larger than ever before at this season of the year. The effect of this has been to aggravate the expected stringency in money this month beyond all expectation, by withdrawing from Wall Street far more than usual at this season, while bringing into Wall Street less money than usual, by means of grain exported. Hence the disappointment in the amount of gold imported, which is said to have come chiefly in exchange for our railroad bonds, which have returned to Europe this month, instead of coming home, as in February. At least we are thus informed, although there appears to be no cause to explain a return movement, since prices have been as a whole higher than in February.

These facts explain the change in the money market, which set in just as we went to press last month. In addition to the large sums of money required to hold and move grain, in excess of the usual requirements at this season, there had been millions taken from Wall Street, to Chicago on the easy market for money in January, on time loans, at six per cent., to carry already large stocks of the speculative product. These loans were made largely to mature in May, as the craze in speculation ran considerably to that month, on talk of "deals" in almost every speculative staple on the list. Hence, both these bank loans and these big stocks were tied up until May, and neither could be called in or moved respectively until this speculation should be liquidated. Here lies the chief trouble with the money market; which, however, has exhibited another anomalous feature. Usually the stringency has been general; but it has been lightest in the West this year, comparatively light in other seaboard cities, and unusually severe and protracted in New York. This would seem to indicate that the West is in the best condition financially and New York in the worst. Why this should be, is not so apparent, unless because New York holds the great

bulk of the unproductive railroad "securities," created in the past three years, while the balance of the country holds its products and manufactures which, although trade is dull, have both a real and market value. A vast volume of so-called securities held here have neither, yet they tie up an enormous amount of money, borrowed from the banks to carry them. At all events, if the West did not own the money, or the bulk of it, to carry its products, why should the rate there be lower than here? And if New York was not the biggest borrower, why should the rate here be the highest?

The exchanges of our large cities seem to suggest the same explanation; for with a few exceptions, they show an increase quite gratifying for the month. Outside of New York, they have increased over five per cent., as compared with a year ago, while New York shows a decrease of over twenty-three per cent., notwithstanding more active speculation in grain, petroleum and coffee than last year. Philadelphia, Milwaukee, Worcester, Cleveland, Hartford, and New Haven and the other cities showing a decrease, and that, far less than the decrease in New York. In February, the average decrease in Exchanges for the country, compared with a year ago, was about twenty-seven per cent. This would seem to indicate a marked increase in the business of the country outside of the cities named. We find, on inquiring of commercial travelers, however, that their sales are behind those of a year ago in the finer classes of dry goods, and their customers in the Eastern and Middle States report their trade less than that of a year ago, while in the West they report a fair trade; yet none are buying as many goods nor ahead of current wants. The Exchanges at small manufacturing towns show a larger increase than at commercial centers, and yet their reported demand for goods for consumption does not show it.

The tightness in money came earlier than usual this year, and is expected to go away earlier, though to last until near the middle of April.

The bank statements have been growing steadily worse since our last, until the reserve was drawn nearly \$7,000,000 below the legal limit and considerably lower than a year ago. But banks have reduced their loans about the same amount the last half of the month, though still some \$7,000,000 larger than last year. Meantime deposits have been drawn down nearly \$9,000,000. It is expected that the banks will gain in their reserve, however, from this time on, and that all danger is now over. There has been a great deal of clamor on Wall Street for the Treasury to come to the relief of the Money Market, and of the speculators who deranged it; but the Department has justly and wisely considered that it was not its function to regulate the Money Market and has refused. Besides, the Treasury was not in shape, with the coming reduction of revenue under the New Tariff, to anticipate the payment of any more bonds.

The Western banks which were involved, or at least interested, in the bonded-whiskey controversy, seem now in a fair way to get out of their tight place. As the tax falls due the stocks in bond will be exported from the country and held abroad, or reimported when they can lie in bond until withdrawn for consumption. Large shipments have accordingly been made already to the West Indies and probably will be to Canada. Thus the financial sky, which has been so overcast since last month, and has threatened the com-

mercial situation, seems to be breaking away; and, before April is over, it will doubtless be as clear and fair as the April skies with only the April showers to cast their momentary shadows.

The Stock Market has had less to do with the Money Market than usual. Yet it has had something to do with the situation, and, as intimated at close of our last, there has been talk of the latter being manipulated for its effect on the former. The sequence, however, has been exactly opposite from what was expected and usually happens. Instead of stocks going off on tight money, they began to improve as money grew tighter, and have continued firm through the stringency, with few exceptions, until money began to ease up near the close of the month, when they began to go off again. This is said to be due to Gould's and Vanderbilt's late tactics which proceeded on the theory that the public, or at least professional traders, would buy stocks if they advanced in face of tight money, thinking stocks must be prodigiously strong when they do so, and that they must boom when money gets easy. On this, a large amount of these large operators' holdings are said to have been marketed, and now, a decline is predicted by old traders. Yet the enormous movement of grain, especially on the roads West of Chicago, has very largely increased the earnings of the grain roads over the same time last year, when they had little to do and when prices for their stocks were much higher. Still this does not seem to be talked of among operators as it would be on a bull market, and the impression seems to be, as we have indicated before, that stocks will drag along about as they have done until the next crop prospects are developed.

As to the produce markets, they have had a pretty good decline during this month; yet not half the advance of January and February has yet been lost; a large proportion of which was fictitious, or at least premature even in wheat. There has been no legitimate reason for an advance in any of these staples, except in wheat, since the new year began, and why all others should not go back to about that level for grain, and still lower for provisions, does not appear. Wheat, no doubt, was too low on supply and demand for this crop, with good crops another year. Since then, however, England has fallen short on her acreage, and there is some doubt of the condition of our winter wheat, which has been "half ruined," as usual, at this season, by the bulls. It is possible that the damage may reach ten per cent., but not probable, and it will be impossible to tell until the middle of April. We shall have ups and downs on "weather markets" until the next crop; but at this writing, the rains in California and the West give us reasonable assurance of an average crop of wheat in the United States. Hence there is nothing in sight on which to advance wheat, except speculatively, until either Europe takes it more freely, or the farmers both of this country and Europe stop such free deliveries. The visible supply of grain is already larger than ever at this season, and steadily increasing at a time of year when it has invariably decreased hitherto; and steadily, from October until the next crop, while the reverse has been the case this year.

Corn is in a most critical position as to condition, which is not as dry as usual, and which will render it almost certain to be damaged when hot weather comes. This makes it the most dangerous thing on the list to handle until it has passed through the hot-weather sweat of May and

June. Then supply and demand will fix the price; but until then condition is the chief factor. Oats will sympathize largely with corn, unless manipulated. Condition, also is an important factor in our New York stock of wheat, which has been so deteriorated by the practice of mixing low grades with the good, that there is much doubt of its standing hot weather, and this may cause trouble.

The market for beef products is on a square, legitimate and safe basis; but hog products are still under the control of manipulators and gamblers, who hold them up far above their real and relative value with other food, hoping to get out of their big load without loss, by "rigging" the market on a short interest. It is just the kind of market for everybody to let alone, be he operator or money-lender, for it is only a question of time when it must break and break badly; and somebody will then get hurt. Only one contingency can avert it, and that is a short corn crop this year.

Cotton has dragged down slowly under light exports and good receipts until it has touched ten cents and under, and still it has shown no signs of reaction, and one is now scarcely looked for, until we get where next crop prospects will influence prices.

Petroleum has been unusually active, advancing to 1.10 on reports of "dry holes" in the new fields, on which the shorts covered and the longs sold out; when "new wells come in" and down went prices until ninety-two and five-eighth cents was reached, when "dry holes" were again brought into requisition and the "milking" process renewed by the Standard Oil Company, who play with operators in this market as the cat with the mouse, only to eat him in the end.

Iron has dragged and declined, and mills are closing as often as resuming, notwithstanding everything was going to do better when Congress should adjourn. The trouble is the stocks are too large, and they must be worked down before iron will advance.

Coal, its twin sister, begins to feel the same depression, and prices are already being reduced.

Coffee has not changed much, though a bull clique is trying to put up prices still higher. But the receipts at Rio de Janeiro are surprisingly large for a short crop and it can be bought there and laid down here below our market, which does not look like higher prices until receipts at Rio fall off, at least.

Dairy products have now gotten about to hard pan; and, with reduced stocks, steady prices are now looked for until we get the new crop in volume.

The general tendency for April still seems to be rather downward, if good weather shall prevail.

The reports of the New York Clearing-house banks compare as follows :

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Deficiency.
Mar. 3...	\$ 327,472,300	\$ 55,332,900	\$ 18,915,800	\$ 306,253,900	\$ 16,545,200	\$ 2,314,775
" 10...	325,180,000	51,519,700	17,917,000	298,411,400	16,609,200	5,166,150
" 17...	319,672,000	48,551,900	17,081,100	289,615,500	16,607,900	6,770,875
" 24...	312,879,100	47,997,400	17,025,400	281,911,500	16,356,200	5,455,075

## THE CLEARING-HOUSE BUSINESS OF 1882.

The Clearing-house business of 1882, though not reaching the extraordinary figures of the previous year, was yet very large in amount. The total clearings reported at twenty-seven Clearing Houses were \$60,796,263,417, a decrease of \$2,665,485,852 as compared with 1881. The number of Clearing Houses reporting is the same as in 1881, but the twenty-seven reporting in 1882 are not quite the same as the twenty-seven of 1881, the St. Joseph association omitting to make any report this year, and the Norfolk reporting for the first time. St. Paul never has published any reports of its transactions. It is to be hoped that, for the sake of giving completeness, all the Clearing Houses, however small their transactions, may see the importance of preserving and publishing full reports of both clearings and balances made up for calendar years.

Special effort has been made, in collecting the following statistics, to ascertain the manner in which balances are settled at the various Clearing Houses and the amount of cash handled in effecting their exchanges. While the inquiries made have failed, in too many cases, to elicit the information sought, enough has been obtained to indicate approximately the amount of money employed in effecting the exchanges at nearly all our leading Clearing Houses. Only sixteen of these institutions furnish an accurate report of their balances; two others furnish estimates giving an aggregate of \$3,070,048,226, and according to the observed averages in such cases, the aggregate for all the Clearing Houses in the country would be about \$3,400,000,000 or 5.65 per cent. of the exchanges. The amount of money handled, however, can hardly exceed, and probably does not reach \$1,800,000,000, or not quite three per cent. of the exchanges. At some of the Clearing Houses no cash whatever is used in making settlements, in others certificates take the place of cash to a greater or less degree. At New York, where the statistics are more full and elaborate than elsewhere, eighty-one per cent. of the balances are paid in Clearing-house gold certificates, six per cent. in United States gold certificates, a little more than twelve per cent. in gold coin, and a little less than one per cent. in legal-tender notes. The actual cash handled represents but \$205,344,344 in a total of \$1,590,976,344, or not quite thirteen per cent., while the amount settled by certificates is \$1,385,632,000 or eighty-seven per cent. The amount of balances paid in each of these different ways in 1882 at New York, was as follows:

	<i>Amount.</i>	<i>Per cent. of total.</i>
Balances paid in Clearing-house gold certificates. \$ 1,289,285,000	..	81.04
" " " United States " " .. 96,347,000	..	6.05
" " " gold coin..... 192,685,000	..	12.11
" " " legal-tender notes..... 12,659,344	..	.80
Total.....	\$ 1,590,976,344	100.00

It is to be regretted that no other Clearing House furnishes so complete a statement as to its balances.

No new Clearing House is known to have been organized during the year 1882, but there has been some increase in the number and capital of the Clearing-house banks. The following table gives the date so far as known when each Clearing House was established, and the number, capital, and surplus and profits of the Clearing-house banks, in the last quarter of the year, as given in the reports for the various Clearing Houses or compiled from the BANKER'S ALMANAC for 1883 :

<i>Clearing House.</i>	<i>When estab- lished.</i>	<i>No. of banks asso- ciated.</i>	<i>Capital of associated banks.</i>	<i>Surplus and profits.</i>	<i>Total capital, surplus and profits.</i>
New York.....	1853	61	\$ 60,962,700	\$ 40,822,719	\$ 101,785,419
Boston.....	1856	†51	50,000,000	15,352,632	65,352,632
Philadelphia.....	1858	30	17,078,000	10,520,938	27,598,938
Chicago.....	1865	18	abt 10,000,000	abt 3,243,550	13,243,550
Cincinnati.....	1866	18	8,590,000	1,622,666	10,212,666
St. Louis.....	1868	19	8,350,000	3,764,840	12,114,840
Baltimore.....	1858	20	12,162,830	4,104,332	16,267,162
San Francisco.....	1876	14	abt 21,000,000	abt 8,500,000	abt 29,500,000
New Orleans.....	1872	10	4,875,000	1,330,000	6,205,000
Pittsburgh.....	1866	18	9,613,650	3,940,025	13,553,675
Louisville.....	1876	19	8,264,260	1,335,203	9,599,463
Milwaukee.....	1868	9	1,075,000	647,054	1,722,054
Providence.....	—	34	17,820,135	3,200,000	21,020,135
Kansas City.....	1873	5	1,600,000	350,740	1,950,740
Cleveland.....	1858	8	3,750,000	1,083,582	4,833,582
Indianapolis.....	1871	12	2,900,000	340,000	3,300,000
Hartford.....	*1872	15	8,007,800	2,920,492	10,928,292
New Haven.....	1867	10	4,164,800	1,471,670	5,636,470
Columbus.....	1868	14	810,000	269,803	1,079,803
Peoria.....	1880	8	about 800,000	about 400,000	1,200,000
Portland, Me.....	1865	6	3,050,000	1,695,117	4,745,117
Memphis.....	1879	6	1,481,300	376,123	1,857,423
St. Joseph.....	1877	4	267,010	100,370	367,380
St. Paul.....	1874	8	3,350,000	1,036,665	4,386,665
Worcester.....	1861	8	2,450,000	573,250	3,023,250
Springfield, Mass....	1877	9	3,300,000	1,187,557	4,487,557
Lowell.....	1876	7	2,500,000	8,830,760	3,330,760
Norfolk.....	—	6	about 650,000	about 300,000	950,000
Syracuse.....	1877	8	1,330,000	642,776	1,972,776
Total (29 Clearing Houses.)	455		\$ 270,262,485	\$ 111,962,864	\$ 382,225,349
1881 (28 " " " )	446		266,665,254	179,609,014	346,274,268
1880 (28 " " " )	437		266,325,711	96,767,927	363,093,438

\* Clearing House formally organized as such November 28, 1882.

† Since January 1, the Lincoln National Bank has joined the Boston Clearing House, making the number of banks fifty-two, and their capital \$50,300,000.

‡ Surplus only.

In the foregoing table except as regards San Francisco, no account is made of the capital of private bankers, which cannot be given, though it would add considerably to the capital represented in some

of the Western Clearing Houses, though adding but a small percentage to the general aggregate. The total banking capital of the country, including that of State and Savings banks and private bankers, May 31, 1882, and the capital, surplus, and profits of the National banks, October 1, 1882, was \$883,214,770, of which about forty-three per cent. is represented in the Clearing Houses. Omitting the surplus and profits of the National banks the total for the country is \$698,751,961 of which the capital proper represented in the Clearing Houses forms about thirty-nine per cent.

The total clearings and balances, so far as reported for the year 1882, the increase or decrease per cent. in the clearings, the ratio of balances to clearings, and the total exchanges so far as reported, are as follows, the figures being official when not otherwise stated:

	Exchanges.	Inc. or decrease per cent.	Balances.	Balances to exchanges. Per cent.	Total exchanges reported to Dec. 31, 1882.
New York. ....	\$46,916,955,031	- 5.0	1,590,976,344	3.39	\$657,869,951,625
Boston. ....	3,636,373,805	-14.1	461,540,425	12.69	58,950,094,122
Philadelphia. .	2,779,522,819	+ 2.3	234,244,535	8.43	43,121,334,639
Chicago. ....	2,366,536,855	+ 5.2	246,266,106	10.41	19,567,217,843
Cincinnati. ....	478,994,050	+ 6.0	172,500,000	15. +	5,640,783,804
St. Louis. ....	863,129,287	+ 3.7	138,484,976	16.04	7,837,593,357
Baltimore. ....	*685,922,191	- 6.3	†115,000,000	17. -	4,854,738,283
San Francisco. .	629,114,120	+ 5.1	108,487,872	17.24	3,979,892,223
New Orleans. .	499,113,347	- 1.5	†50,000,000	10. -	4,713,495,841
Pittsburgh. ....	483,519,705	+24.2	84,352,507	17.45	3,944,578,373
Louisville. ....	*193,667,491	- 2.3	†32,500,000	17. +	989,956,131
Milwaukee. ....	190,026,556	+ 5.3	31,268,439	16.45	1,937,604,615
Providence. ....	232,608,200	+ 7.4	†46,500,000	20. .	1,141,890,200
Kansas City. .	*98,167,000	+ 4.4	†21,500,000	22. .	389,172,260
Cleveland. ....	113,287,425	+ 9.9	†24,000,000	23.63	491,013,807
Indianapolis. .	101,577,523	- 7.3	†28,000,000	27.50	770,458,028
Hartford. ....	90,744,326	+11.0	25,650,894	28.27	349,162,000
New Haven. ....	*64,529,610	+ 9.6	†18,700,000	29. .	276,725,728
Columbus. ....	*57,683,555	+10.6	†17,300,000	30. .	281,294,437
Peoria. ....	53,231,703	+ 7.6	15,750,000	29.59	102,705,783
Portland, Me. .	*50,508,000	+ 5.2	†15,000,000	30.00	138,508,000
Memphis. ....	45,806,140	+ 1.3	9,527,913	20.80	138,891,478
St. Joseph. ....	(No report.)	—	—	—	107,604,542
Worcester. ....	43,952,164	+12.1	14,134,451	32.18	458,687,799
Springfield. .	41,831,260	+11.3	12,902,705	30.84	301,011,269
Lowell. ....	30,649,718	+33.5	11,362,666	37.07	124,257,983
Norfolk. ....	25,908,185	—	5,053,442	19.51	25,908,185
Syracuse. ....	22,903,351	+19.1	6,044,952	26.39	106,466,269
Tot. 27 Assoc's.	\$60,796,263,417	- 4.0	3,438,048,227	5.65	\$818,617,082,635
Outside of N.Y.	13,879,308,386	- 1.0	1,847,071,883	13.31	160,747,131,009
Total, 1881. .	63,461,749,269	+26.6	3,631,076,964	5.72	—
Outside of N.Y.	14,084,866,387	+23.7	1,877,526,615	13.33	—
Estimate of clearings not reported. ....	—	—	—	—	9,100,000,000

\* From *The Public*.

† Estimated.

\$827,717,082,635

Of the grand total \$657,869,951,625 represent the exchanges at New York, and \$169,847,131,009 those at the other Clearing Houses of the country. The transactions at New York thus amount to about three and nine-tenths times as much as those of all our other Clearing Houses, while for the year 1882 they were three and four-tenths times as great. It is evident that these figures give an exaggerated

idea of the commercial preponderance of New York, and this not only on account of the speculative operations which form so considerable an element in the clearings there, but, because owing to the existence of superior banking facilities, a larger proportion of the business at New York is done through the banks. It likewise happens that while all but six of the Clearing Houses show a gain in their transactions over the previous year, the general aggregate shows a decrease. The decrease at New York and Boston is much greater than the increase at all the other Clearing Houses.

The method in which the various Clearing Houses make their settlements, the number of clearings daily, and the amount of actual cash handled, either directly or indirectly, in making their exchanges in 1882, are as follows, so far as can be ascertained:

<i>Method of settling balances.</i>		<i>Cash handled in making settlements.</i>	<i>No. of clearings daily.</i>
New York....	Gold, legal tenders, or certificates.....	\$ 205,344,344	. One
Boston.....	Cash and certificates .....	461,540,425	. One
Philadelphia..	Cash or certificates.....	234,244,535	. Two
Chicago.....	Cash.....	246,266,106	. One
Cincinnati....	Managers' checks.....	* 72,500,000	. One
St. Louis.....	Credit certificates on debtor banks.....	138,484,976	. One
Baltimore.....	Cash or certificates.....	* 115,000,000	. —
San Francisco.	Gold coin.....	108,487,872	. Two
New Orleans..	Managers' checks on debtor banks.....	* 50,000,000	. One
Pittsburgh ....	Cash.....	84,352,506	. One
Louisville.....	Checks or certificates on debtor banks....	32,500,000	. —
Milwaukee.....	Cash.....	31,268,439	. One
Providence....	Checks on New York or Boston.....	None	. One
Cleveland.....	Balance check or New York 'exchange....	—	. One
Indianapolis..	Clearing-house checks.....	* 24,000,000	. One
Hartford.....	Checks on N. Y., except sums below \$ 100	—	. One
New Haven....	Drafts on New York .....	None	. One
Peoria.....	Currency.....	15,750,000	. One
Portland, Me.	Checks on Boston.....	—	. One
Memphis .....	Managers' checks on debtor banks.....	9,527,913	. One
Worcester.....	Checks on Boston.....	—	. One
Springfield....	Checks on N. Y. or Boston, except for balances below \$ 200.....	—	. One
Lowell .....	Boston or New York drafts.....	None	. —
Norfolk.....	Currency .....	5,053,442	. One
Syracuse.....	Drafts on New York.....	None	. One
Total .....		\$ 1,834,320,558	.

Since January 1, 1879, the United States Assistant Treasurer at New York has been a member of the Clearing House, thus greatly facilitating operations with the Government. The Assistant Treasurer almost uniformly has a balance to pay to the Clearing House, checks being much more largely used in payments made by, than in those made to, the Government. The transactions of the Assistant Treasurer with the Clearing House since July 1, 1880, the earliest date of which the returns have been published, have been as follows:



	<i>Checks taken to C. H.</i>	<i>Checks rec'd from C. H.</i>	<i>Balances paid to C. H.</i>	<i>Balances rec'd from C. H.</i>
1880 (last 6 mos.)	\$ 43,783,905	\$ 188,869,859	\$ 145,432,235	\$ 346,281
1881.....	99,892,848	355,747,878	261,787,748	5,932,718
1882.....	125,559,767	353,359,469	229,392,539	1,592,837
1883 (first 3 mos.)	31,741,963	67,226,433	36,142,074	657,604
Total.....	\$ 300,978,483	\$ 965,203,639	\$ 672,754,596	\$ 8,529,440

The aggregate of the checks thus settled at the Clearing House during this period was \$ 1,276,182,122, and the total amount of cash handled in making these settlements was \$ 681,284,036, or 53 per cent. of that aggregate, the saving in the handling of cash being much smaller than in transactions between the banks.

The exchanges at the leading foreign Clearing Houses have been as follows:

	1882.	1881.
London.....	£ 6,221,206,000	\$ 30,275,499,000
Manchester.....	114,873,856	559,033,620
Newcastle-on-Tyne..	33,002,740	160,607,834
	£ 6,369,082,596	\$ 30,995,140,454
Paris .....	4,080,803,893 fr.	\$ 787,595,151
Melbourne, Australia (39 weeks).....	£ 103,546,000	503,906,609
Year at same rate....	129,432,500	629,883,261
Actual clearings 1881	126,071,431	613,500,000
		\$ 31,586,006,00
		\$ 908,579,900
		448,105,000

The following is an analysis of the London exchanges:

	<i>Amount.</i>	<i>Per cent.</i>
Fourths of the month.....	£ 238,150,000	3.83
Consol settling days.....	279,410,000	4.49
Stock-Exchange settling days.....	1,228,916,000	19.75
Days following Stock-Exchange settling days.	474,551,000	7.63
Ordinary days.....	4,000,179,000	64.30
	£ 6,221,206,000	100.000

The exchanges on ordinary days in 1881 were £ 3,969,687,000, showing that the decline in 1882 was wholly in speculative, and not in ordinary business, transactions, which increased, though slightly. "The general condition of business," says *The Economist*, "may be best described as being not so much checked in volume, as discouraged by poorness of profits." The decline in the aggregate clearings at both London and Paris, as well as our two leading Clearing Houses, shows how widespread is the reaction from the speculations prevailing in 1881. The smaller Clearing Houses abroad, as well as at home, show an increase in their transactions. The financial crisis experienced at Paris, and in a lesser degree at other financial centers on the Continent of Europe, in the early part of the year, has been an important element in producing commercial depression there, while in France business suffers also from the chronic political instability. The following table gives,

by calendar years, the exchanges at the Paris Bankers' Clearing House, heretofore given only for Clearing-house years prior to 1878, also the clearings at the central office of the Bank of France:

	Clearing House.	Bank of France.
1872 (10 mos.)	1,385,000,000 fr. . \$267,300,000 .	—
1873.....	1,982,000,000 . 382,500,000 .	—
1874.....	2,026,000,000 . 391,000,000 .	\$4,402,000,000
1875.....	2,200 000,000 . 424,600,000 .	5,621,000,000
1876.....	2,580,000,000 . 497 900,000 .	4,878,000,000
1877.....	2,203,000,000 . 425,200,000 .	4,187,000,000
1878.....	2,368,000,000 . 457,000,000 .	4,751,000,000
1879.....	2,928,748,615 . 565,100,000 .	5,548,000,000
1880.....	3,835,218,962 . 740,200,000 .	6,055,000,000
1881.....	4,707,668,177 . 908,600,000 .	8,772,000,000
1882.....	4,080,803,893 . 787,600,000 .	—

Owing to the omission of a portion of the figures, and to the fact that some of the Clearing Houses make only incomplete monthly returns, the footings do not correspond with the totals previously given, which last are more nearly correct.

Below is a comparative statement showing, in millions of dollars, the clearings at home and abroad, for a series of years, so far as reported:

	No. of asso- ciations.	No. of asso- ciations re- porting.	Aggregate exchanges U. S.	Exchanges N. Y.	Exchanges outside N. Y.	Exchanges, British Clearing House.	Exchanges, Melb.
1853..	1	1	*1,304.9	*1,304.9	—	—	—
1854..	1	1	5,798.6	5,798.6	—	—	—
1855..	1	1	5,673.7	5,673.7	—	—	—
1856..	2	2	8,404.2	7,346.8	1,057.4	—	—
1857..	2	2	8,591.4	7,196.1	1,395.3	—	—
1858..	5	3	7,215.7	5,376.2	1,839.5	—	—
1859..	5	3	9,060.3	6,508.8	2,470.5	—	—
1860..	5	3	10,022.1	7,393.8	2,628.2	—	—
1861..	6	4	7,507.4	5,516.4	1,991.0	—	—
1862..	6	4	10,120.1	8,234.9	1,885.3	—	—
1863..	6	4	20,442.4	17,427.7	3,014.7	—	—
1864..	6	4	30,053.5	25,640.0	4,413.4	—	—
1865..	8	5	30,437.0	25,858.0	4,579.0	—	—
1866..	11	7	36,241.7	31,466.5	4,775.2	—	—
1867..	12	7	30,322.2	25,811.2	4,511.0	†10,357.3	—
1868..	13	7	36,079.7	31,159.7	4,920.0	16,668.7	327.2
1869..	15	9	41,157.1	35,541.1	5,616.0	17,647.9	357.2
1870..	15	9	32,839.7	27,086.3	5,753.4	19,048.6	332.0
1871..	16	10	37,200.5	30,643.0	6,557.5	23,485.9	362.2
1872..	18	12	43,571.6	36,369.6	7,202.0	28,949.6	414.8
1873..	20	12	37,633.9	29,840.5	7,793.3	30,051.9	467.7
1874..	21	13	31,813.8	24,450.0	7,363.8	29,418.8	478.6
1875..	21	15	32,356.7	24,313.8	8,042.9	28,214.2	472.5
1876..	24	18	29,592.7	21,476.7	8,116.0	24,686.7	496.5
1877..	26	22	31,951.4	23,800.6	8,150.8	25,075.1	531.3
1878..	26	24	30,086.0	22,401.1	7,684.9	24,817.3	518.1
1879..	26	24	38,565.5	29,235.6	9,329.9	24,291.3	480.1
1880..	29	26	50,154.4	38,614.4	11,540.0	28,811.6	502.9
1881..	29	27	63,461.7	49,376.9	14,084.8	31,586.0	613.5
1882..	29	27	60,796.3	46,917.0	13,879.3	30,995.1	†630.0

\* From October 11.

† For eight months only.

‡ Three months, estimated.

The monthly clearings at the great commercial centers at home and abroad have been as follows in millions of dollars:

	<i>Paris.</i>	<i>London.</i>	<i>Man- chester, Eng.</i>	<i>New York.</i>	<i>Boston.</i>	<i>Other cities of U. S.*</i>	<i>Total U. S.</i>
January.....	70.1	2,787.4	47.7	4,313.9	328.5	888.0	5,530.4
February....	57.9	2,317.4	42.8	3,548.6	262.7	747.9	4,559.2
March.....	74.6	2,774.2	46.0	4,462.6	307.6	798.6	5,568.8
April.....	62.8	2,464.1	45.0	3,907.6	291.4	816.8	5,015.8
May.....	67.4	2,517.6	47.5	3,219.3	312.6	825.1	4,357.0
June.....	68.6	2,580.6	40.8	3,346.9	306.4	818.0	4,471.3
July.....	75.2	2,586.6	52.1	3,544.4	314.0	838.0	4,696.4
August.....	62.7	2,368.9	47.4	3,725.6	278.4	813.7	4,817.7
September..	60.0	2,398.0	45.4	4,037.2	286.7	868.6	5,192.5
October.....	58.3	2,599.2	50.5	4,384.7	330.6	937.6	5,652.9
November...	62.2	2,493.9	46.4	4,531.1	317.4	941.5	5,790.0
December...	67.7	2,387.6	47.4	3,894.9	300.1	922.2	.2
Total .....	787.5	30,275.5	559.0	46,916.8	3,636.4	10,216.0	60,769.2

\* From *The Public.*

\* From *The Public*.

The clearings in the United States, during the first quarter of the current year, have shown a falling off of nearly \$3,000,000 as compared with last year, and have been, according to *The Public*, as follows:

	1883. First quarter.	1882. First quarter.	Inc. or dec. per cent.
New York.....	\$9,401,668,015	\$12,326,193,024	-19.7
Boston.....	895,296,844	898,817,338	-.4
Philadelphia.....	692,647,566	674,771,569	+2.7
Chicago.....	574,593,811	509,798,745	+12.7
Cincinnati.....	117,090,000	122,658,800	-4.5
St. Louis.....	217,219,442	215,305,564	+.9
Baltimore.....	173,591,668	165,840,947	+4.7
New Orleans.....	164,567,974	148,174,744	+11.1
San Francisco....	144,454,478	149,811,683	-3.6
Pittsburgh.....	121,501,448	99,651,253	+21.9
Louisville.....	49,329,968	48,419,292	+1.9
Milwaukee.....	42,162,106	48,873,044	-13.7
Providence.....	60,933,300	57,361,100	+6.2
Kansas City.....	29,858,450	19,243,950	+55.1
Cleveland.....	28,214,982	29,041,193	-2.8
Indianapolis.....	24,735,814	26,880,101	-8.0
Hartford.....	24,475,794	22,701,971	+7.9
Memphis.....	16,555,299	11,607,463	+42.6
Peoria.....	13,071,901	13,700,000	-4.6
Columbus.....	13,719,297	13,751,227	-.2
New Haven.....	15,796,280	15,709,136	+.6
Portland.....	11,917,032	11,265,000	+5.8
Lowell.....	9,555,503	6,291,477	+51.7
Worcester.....	10,982,749	10,412,370	+5.5
Springfield.....	10,303,455	9,826,172	+4.9
Syracuse.....	5,829,634	5,370,000	+8.6
Total.....	\$12,870,072,811	\$15,661,478,163	-17.8
Outside N. Y....	3,468,404,796	3,335,285,139	+4.0

The returns for this quarter present the same general features as those for the year 1882—a heavy decline at New York and a gain at most of the other Clearing Houses. Notwithstanding the large crops of last year the aggregate volume of business still shows a downward tendency, indicating that the causes which produced the late reaction have not yet ceased to operate. DUDLEY P. BAILEY.

[NOTE.—For explanation of the foregoing tables see item, "Clearing House Tables," on page 874.]

## POPULATION OF THE UNITED STATES.

The method adopted by the Departments at Washington in computing the population of the country, in each of the nine years between the years in which the census is taken, is to assume such a rate of annual increase as will, when compounded annually for ten years, produce the increase for the decade which is shown by the actual decennial enumerations. This would be a correct method, if the rate of annual increase during a decade was uniform, and there would be no sensible error in assuming that to be so, except for the marked fluctuation in the amount of the annual immigration. Of the ten years ending with 1880, the last one and the first three years showed a very heavy increase from the incoming of foreigners, while during the intermediate six years the immigration was comparatively small. During one of those six years, the immigration from Great Britain and Ireland, deducting immigrants returning home, fell to 603, if the British official accounts are correct.

A city contemporary, *The Public*, shows that the natural increase of our population, by the excess of births over deaths, was almost exactly two per cent. per annum during the decade ending with the census of 1880. How close to two per cent. it was, will be apparent from the fact that a computation on that basis, starting with the numbers given by the census of 1870, and taking the official returns of immigration in each year, gives a result in 1880 differing only 45,000 from the figures of the actual census of the latter year.

There is no reason to doubt that the natural increase will be at least as great during the current decade, as it was during the last decade, which included the extraordinarily protracted depression of enterprise and industry which commenced in 1873. Assuming a two-per-cent. rate for the current annual natural increase, and taking the official figures of immigration, *The Public* makes our population, April 1, 1883, amount to 54,800,000, and estimates that it will be 55,220,000 at the end of the third year from the census of 1880. If the immigration of the next seven years of the current decade keeps up to the standard of the first three years, the population of the country in 1890 will considerably exceed 65,000,000, which has been the generally anticipated figure, and which would be the actual figure, if the rate of increase for the current decade remained the same (thirty per cent.) as for the last decade.

The two-per-cent. rate of natural increase from an excess of

births over deaths, which is shown in this country, is one of the most significant signs of its distinguished prosperity. The returns of the Registrar-General of Ireland, the accuracy of which is verified by each successive census, show that the annual rate of natural increase is only four-fifths of one per cent. Ireland enjoys a reputation as a breeding ground for the human race, which it may have merited two generations ago, but which it has not at all deserved in recent years. It is far behind Germany in that particular, and still farther behind England. Ireland has frequently been called a *piggery*, in consequence of the supposed extraordinary fecundity of its people, but at the present day England is much better entitled to that recognition of its obedience to the Divine command to multiply and replenish the earth.

---

### ITALIAN RESUMPTION.

The 12th of April, 1883, was the date fixed for the resumption of coin payments in Italy, and the event actually occurred on that day. The Italian Treasury had prepared for it by a resumption loan completed at the end of 1882, and which had yielded \$126,000,000 in coin, of which \$83,450,000 was gold and \$42,550,000 was silver.

Of the gold, \$16,025,000 was raised in Italy itself, and the remainder came from other countries, as follows:

From England....	\$10,300,000	..	From Denmark.....	\$1,100,000
"  France.....	12,900,000	..	"  Belgium.....	450,000
"  Germany....	13,450,000	..	"  Spain.....	75,000
"  Austria.....	7,500,000	..	"  Australia.....	2,000,000
"  Russia.....	5,045,000	..	"  United States.	14,600,000

No part of the Italian resumption loan was negotiated in this country, but the contractors for the loan got a part of the required gold here. They managed to diffuse their gold demand over a large surface, so as to avoid creating any severe pressure at particular points.

There is no official statement as to the quarters in which the \$42,550,000 in silver coin was obtained, but it can only have been in Italy itself and in the other States of the Latin Union, as the only silver legally current in Italy is that coined by those States. In all of them, including Italy, the coinage of silver has been suspended since August, 1876, so that the \$42,550,000 must have been drawn from the stock of previously existing coins. The \$42,550,000 includes the \$15,000,000 of Italian subsidiary silver which the Bank of France had collected, and which the Italian Government paid for by instalments.

On the plan of resumption adopted, all the notes of the denomi-

ination of five *lire* (the Italian *lire* being the equivalent of the French franc), and below that denomination, are to be permanently retired and cancelled as fast as they are presented for redemption.

By one of the clauses of the resumption law, the Government may exact gold for customs duties, if it chooses, but it is authorized to accept paper currency of denominations not lower than ten dollars of American money.

As stated in the last number of this MAGAZINE, the general plan of the resumption is to reduce by redemption and cancellation the volume of Government notes, answering to our greenbacks, from \$188,000,000 to \$68,000,000. The volume of bank notes during the suspension of specie payments has been \$162,000,000, and it does not seem probable that there can now be any contraction of it. Indeed, if that volume of bank notes is retained, the aggregate of the Italian monetary circulation will certainly not be excessive. It will be reduced to \$160,000,000 of bank notes and \$68,000,000 of Government notes, being a total of \$228,000,000, or about eight dollars per capita. If the suppression of small notes is not carried any further than to getting rid of those of the denominations of five *lire* (one dollar) and less, the amount of metal in circulation cannot be large. The banks are said to have \$50,000,000 of coin, but that adds nothing to the circulation, as it will be held to sustain the convertibility of their notes.

The drain of both gold and silver full-tender coin from other countries, to effect the Italian resumption, has been about \$70,000,000 of gold, and \$15,000,000 of silver, or \$85,000,000 in all, in addition to the \$15,000,000 of Italian subsidiary silver which was redeemed from the Bank of France.

This has put a strain upon the European money markets and is one of the causes of the fall of the prices of commodities in Europe during the past two years. The drain of silver coins into Italy has been as much felt as the drain of gold, inasmuch as those coins all come from the countries of the Latin Union, in which they were circulating at a market parity with gold and on the same footing in all respects.

The London *Economist* notices that no announcement is made by the Italian Government as to the kind of coin, whether gold or silver, in which its notes will be redeemed. Its legal option is to pay in either, but while it is not at all likely to give up its right to that option, it will doubtless conform in practice to the preferences of those who present its notes for redemption. From its laying in a larger stock of gold than silver, it has evidently expected a larger call for gold than for silver.

The resumption in Italy is not a gold resumption, as it is sometimes carelessly and erroneously said to be. It is a coin resumption, but the silver coin is kept at the gold standard, just as it

is in all the Latin-Union States, by the suspension of further silver coinage, and by the fact that the silver coins in existence do not exceed the quantity which the legal-tender function and receivability for taxes will maintain at a parity with gold.

The Latin-Union treaty, to which Italy was an original and is still a continuing party, has been extended to January 1, 1886. On and after that date, it can be terminated at the will of any one of the parties to it, by giving one year's notice.

The Paris correspondent of the London *Economist* of March 31, states that the Italian Government had then just concluded a purchase from the Bank of France of "*eight millions of five-franc pieces*," which reduced the Bank's stock of silver. The bank charged a premium of one-twentieth of one per cent. for the "*trouble of sorting*," inasmuch as the Italian Government wanted all the pieces to be of Italian coinage, which preference must, we suppose, be put down to the score of patriotic sentiment.

---

## JOHN LAW.

[CONTINUED FROM THE APRIL NUMBER.]

But now opposition arose. The council of finance became jealous of Law, and the Duke of Noailles, president of the council, who had always been a strong advocate of economy and the enemy of Law, resigned his office. He was succeeded by M. d'Argenson, formerly chief of police, a bold, adroit man, devoted to the regent but ignorant of finance. Parliament, too, became hostile to the schemes of this bold Scotch financier. Not knowing exactly how to proceed against the company, parliament struck at Law's bank. The receiving officers of the Government were forbidden to receive its notes.

The regent, who had many demands to make on parliament, resolved to summon the members into the royal presence. The infant king was brought from Vincennes to Paris, and parliament, obliged to come on foot to the Louvre, yielded to everything which the regent asked. The act against the bank was annulled, and it determined that in the future the remonstrance of parliament against the royal decrees must be made within eight days after their promulgation, otherwise they should be effective.

Thus Law had won another triumph. The shares of the company rose slowly, but were still below par. Law's star was in the ascendant, and it was evident that he would soon become absolute master of the finances. M. d'Argenson in turn became jealous of

the powerful Scotchman, and meditated an attack on the West Indian Company.

At this time there were three brothers engaged in business named Paris, well known for their great financial skill, the fortune they had acquired, and their intimate acquaintance with Voltaire. M. d'Argenson established a secret alliance with them, and they formed what was called the anti-system. One part of the public revenue was still leased—the tax on salt, on the registration of laws, etc.—and these taxes were put up at auction. Whoever bid the highest price had the right to collect them. They were struck off to the Paris Brothers for the annual sum of 48,500,000 francs. The capital stock of this enterprise for collecting the revenues was fixed at 100,000,000 francs, the same as that of the West Indian Company, and divided into shares in a similar manner. Large dividends were promised, for the profits were estimated at 13,000,000 or 14,000,000 francs, which would be equivalent to thirteen or fourteen per cent. on the capital of the company. Moreover, this dividend was certain, because it was based on the collection of the revenues; while the dividends in Law's company depended on the success of the vagabonds and kangaroos that had been sent to colonize Louisiana. The Frenchmen of those times were gifted with a far higher imagination than we possess if they imagined that such colonists would ever earn dividends. Doubtless the dream of the French shareholders was the discovery of a golden spring by one of these vagabonds, from which unexampled riches would flow. Thus the income of the new company was so sure that it had an advantage over Law's company, and its stock was in great demand.

The popularity of Law's bank, however, steadily increased, and though the shares of his West Indian Company did not rise much, he was not discouraged. He believed in his ultimate triumph over the Brothers Paris. He changed the bank from a private to a public institution, as he had always intended to do. The 4th of December, 1718, two years and a half after its creation, it was declared to be a royal bank. Law was appointed director of it, and the original capital was repaid to the shareholders in specie. The royal bank flourished, and in January, February, March, and April the increasing demand for notes caused an increase of the issue to 110,000,000 francs. These circulated throughout France, and to make their use still greater, the transportation of coin between towns where there were offices of the bank was forbidden. The remittances between these towns must be made in bank notes. This forced measure would have been dangerous if confidence had not been absolute.

Law now began to buy the shares of the West Indian Company. He told his numerous friends of the benefits which he was preparing for it. The noblemen especially, with whom he associated, and whose pride was far greater than their wealth, and who were



eager to make an honest penny, were urged strongly to obtain the shares, Law assuring them that they would soon rise rapidly in the market. By methods which we will not stop to describe he succeeded in advancing their price, and very soon there was considerable eagerness manifested to buy. The shares rose during the month of April, 1719, nearly to par. Law then disclosed his next project, which was that of uniting the two companies of the East Indies, chartered in 1664, and that of China, chartered in 1713, and which had been badly conducted, with his own. The regent authorized the union, and the consolidation was carried out. The title of the West Indian Company was changed to the shorter one of the Indian Company, which thus absorbed nearly all the commerce of France. More shares, called the daughters, were issued, and the price steadily rose.

The next step was to purchase the sole right of recoinage for the Government. The regent had ordered the recoinage of a billion of specie, and the reissue of it for 1,200,000,000 francs—a gain of 200,000 francs to the Government. This was an old device of nations. Only a small part of the coin had come into the public treasury, and almost all the profit on the transaction was still to be made, except that absorbed by the counterfeiters. By a new decree promulgated in August, 1719, the coining and management of the specie was granted to the Indian Company. It paid 50,000,000 francs for this privilege. To enable the company to pay this sum, more shares were issued, to distinguish which from the last issues, they were called the grand-daughters. The company announced that it would pay semi-annual dividends of six per cent., a very bold promise, but which it could possibly fulfil.

The shares now rapidly advanced in price. The creditors of the Government, who bought the original shares only to make use of their State notes, were rejoiced not only to recover the whole value of their property but gain as much more. They hastened to sell and reap their profit. But speculation had only just begun; the enormous fortunes were still to be won.

We now reach the last and highest step in Law's system, on which he had steadily kept his eye from the beginning. It was a step worthy the genius of any man and executed by one less impatient of success and with a cooler head might have been successful. Those who condemn Law's system as wholly wild and chimerical, either do not understand it or the condition of France at that time and the truly sound principles which it embodied.

The final proposal of Law, the crowning stone of his system, was on the one hand to unite the collection of the revenues with the other privileges of the Indian Company, and on the other to redeem the National debt. The first branch of this proposal

would destroy the anti-system of the Paris Brothers, and the second would free the Government from its overwhelming burdens.

The National debt was between fifteen and sixteen hundred million francs, partly in contracts for perpetual annuities, partly in State notes, which would soon be due. The interest on the debt was 80,000,000 francs, or one-half the revenue of the Government. Something must be done to meet the State notes at their maturity and to reduce the annual charges which the public treasury could no longer sustain.

Law conceived the idea of converting the whole National debt into shares of the Indian Company. To accomplish this end he proposed that the company should lend to the treasury the money needed to pay the State creditors. The State would then owe the company, but be freed from obligations to individuals. How was the company to raise this enormous sum? By the issue of shares to that amount. Who would buy these shares if they were put on the market? By transferring the collection of the entire revenue to the Indian Company, an extinguisher would be put on the Paris Brothers anti-system and the money invested in that Law expected would flow into his company because there was no other form of investment. As the Government set money free by paying its obligations, Law expected that its creditors would invest it in his enterprise.

What profits would the company earn? The Government would grant it three per cent. interest on the sum it had borrowed to pay its creditors, amounting from forty-five to forty-eight million francs a year. Besides, the company would reap a net profit of fifteen or sixteen millions in collecting the revenues. In addition was the profit on the recoinage, and the somewhat shadowy gains coming from the mines, the Canada wolves, and the kangaroo colonists of the New World. Law, therefore, expected that his company would easily earn at least four per cent. on its capital.

What was the Government to gain by the operation? Very much. Its debt was to be refunded at an annual saving of thirty-two to thirty-five millions, its creditors too would cease their complainings, for they would be no longer the creditors of the Government, but shareholders in the company.

Who will deny the vastness and boldness of this plan? If successful the State debt would be liquidated and the annual charges on the treasury be diminished from 80,000,000 to 45,000,000 or 48,000,000 francs. The creditors of the State, as we have seen, were to be paid three per cent. per annum. No creditor was to be defrauded by a forced conversion of securities. A new investment for money was opened up of vast magnitude, but from which a good source of profit might be reasonably expected. It was one of the

most colossal financial plans ever conceived. Properly executed the Government, its former creditors, the people, and the shareholders of the company would all have been gainers.

To execute a plan requiring the displacement of such an enormous amount of securities was a different thing and required a far cooler and more patient man than Law. His was the genius to plan, but not to execute.

We shall not follow all the details of his plan to sell the shares and pay the debt. On the 13th of September, 1719, he began the issue of the new shares. A good authority says that "the eagerness to subscribe was prodigious. All the disposable capital, whether in the hands of the brokers or in those of the creditors of the State, was invested in the subscriptions. Every one foresaw the importance of those shares, which were to be the sole investment for the fifteen hundred millions, divided previously in the public debt into different kinds of stock, and people rushed to secure them early, in order to make the unfortunate State creditors pay dear for them. The acquisition of them in large amounts was not difficult, as with five thousand francs, ten shares could be subscribed for."

The creditors of the State, seeing themselves deprived of their investment, complained because they had no preference over other subscribers. Law then changed his plan for subscribing. A decree was issued ordering payment of the shares to be made in State notes or receipts issued by the Government for them. This gave a preference to the creditors and an advantageous sale of their securities to speculators. The measure also facilitated the exchange of the debt, for now the creditors, after getting receipts for their State securities, instead of receiving money for these and then buying the shares could exchange the receipts directly for shares. This was a much simpler operation, and a gain to the company, because it was not obliged to issue so much paper money. The operation consisted essentially in exchanging one form of debt for another. The creditors accepted the Indian Company rather than the Government as debtor, believing, of course, that they would be likely to reap richer returns by so doing.

The eagerness of subscribers intensified. Creditors passed entire days at the office of the treasury to obtain their receipts, and some even had their meals brought to them there in order not to lose their turn in the ranks. The State notes rapidly rose to par. Just before the decree last mentioned, giving State creditors the preference, was issued, one of Law's clerks, the Prussian Versinobre, knowing that it was to be put forth and knowing, too, that one effect of it would be to enhance the value of the State notes, divulged the secret to some brokers who bought a large amount of State notes at fifty or sixty per cent. below their nominal value.

As they were soon taken for subscriptions to the shares at their face value a very handsome profit was realized.

To subscribe for the shares it was necessary to go to the Hotel de Névers where the business was done. The entrances were crowded to suffocation. Hall servants made considerable sums by subscribing for those who could not get through the crowd to the offices. Some adventurers, assuming the livery of Law, performed this service, getting a very large fee for it. The most humble employees of the company were very much courted. The higher officers and Law himself received incessant adulation. The approaches to Law's residence were encumbered with carriages. The most brilliant among the nobility of France begged him for subscriptions. Happily a clause had been inserted in the decree creating the company whereby dealing in its shares did not affect unfavorably rank in any way. The nobility, therefore, could indulge in this speculation without affecting their titles. That was a splendid outcome of the money-making instinct—to attract a large class who would be all the more eager both from their impecunious condition and because they had never had such a privilege to make money before. Their feeling was not unlike that of the American eagle when set free after a long confinement. Alas, they found after a short experiment that they knew no more about the business than Darius Green did about flying, and fell to the ground quite as suddenly, though possibly with a little more grace and less bruising of their shins.

The place where these speculations were chiefly carried on was in a street named Quincampoix. There was not at that time an exchange where business men assembled to trade in merchandise and stocks. People used to go to the bankers in the Rue Quincampoix, to negotiate bills and speculate in the different stocks issued by the Government, just as they now go to the Stock Exchange. Since the ruinous wars of Louis XIV trade had been carried on largely by credit, and there had arisen in Paris a class of traders in notes accepted by the debtor on whose obligations they speculated. Needy debtors produce usurers in the same way that Governments not punctual produce stock-jobbers. All doubtful securities are most attractive to the venturesome speculator; he delights in such hazards. Paris swarmed with these men, some of whom had made fortunes; others were waiting for an opportunity. The business of subscribing for the shares, as we have said, was conducted at the Hotel de Névers, but the sales, the speculation in them, was carried on in the Rue Quincampoix. A share of the company bearing a par value of 5,000 francs was taken down to the other place and immediately sold for 6,000, 7,000, and 8,000 francs. To the need of having this investment was joined the hope of seeing the shares rise in the market to a very high figure, and the eagerness to obtain them soon rose to a frenzy. By the first of October two issues of 500,000,000

francs each had been sold, and the next day a third issue for 500,000,000 francs was ordered. When these should be taken the exchange of the National debt would be complete. The public enthusiasm which had been so long rising could no longer resist the splendid vision of suddenly acquiring a long-desired fortune. The El Dorado had been found. At least 300,000 applications were made for the 50,000 new shares, and Law's house in the Rue de Quincampoix was beset from morning to night by eager applicants.

It would be a difficult thing to picture the condition of the French people at this time. In November of that year, 1719, the situation of France is thus described by one of Law's biographers: "The bank notes were just so much real value which credit and confidence had created in favor of the State. Upon their appearance plenty immediately displayed herself through all the towns and all the country; she relieved our citizens and laborers from the oppression of debts which indigence had obliged them to contract; she enabled the King to liberate himself from great part of his debts, and to make over to his subjects more than fifty-two million levies of taxes which had been imposed in the years preceding 1719; and more than 35,000,000 of other duties extinguished during the regency. This plenty sunk the rate of interest, crushed the usurer, carried the value of lands much higher, raised up stately edifices both in town and country, repaired the old houses which were falling to ruin, improved the soil, gave an additional relish to every fruit produced by the earth. Plenty recalled those citizens whom misery had forced to seek their livelihood abroad. In a word, riches flowed in from every quarter; gold, silver, precious stones, ornaments of every kind which contribute to luxury and magnificence, came to us from every country in Europe. Whether these prodigies or marvelous effects were produced by art, by confidence, by fear, or by whim, if you please, one must agree, that that art, that confidence, that fear, or that whim, had operated all these realities, which the ancient administration never could have produced. Thus far the system had produced nothing but good; everything was commendable and worthy of admiration."

Such is a general picture drawn by a contemporary. Let us now attempt to give a more definite description of the principal parts of this great scene.

First of all is Law himself. Only a few years before he had gone to France a stranger, and had won his first success as a gambler. Now to the wondering crowd he was a superhuman being, a demigod. That grave and learned body, the Academy of Science, elected him one of its members. As he passed through the streets the people shouted, "Long live the King and Monseigneur Law." He was flattered in endless prose and verse. Gentlemen assumed his livery to introduce themselves into the bank or to have

more credit in the Rue Quincampoix. The regent's mother wrote to a friend that "Law was so beset that he had no repose, night or day." Like Midas, whose touch converted everything into gold while he almost died of hunger, the financier had hardly time to eat or sleep. He was badgered in every saloon where he went, he was pursued in the streets, tracked to his private apartments—he was the most conspicuous and eagerly sought personage in France.

He was, so another biographer of him says, idolized. The nobility filled his ante-chambers. One of his old friends, who was near him, saw him make a long calculation, breakfast, then play faro, while a crowd of noblemen patiently waited for him. Another says that peers, whose dignity would have been outraged if the regent had made them wait half an hour for an interview, were contented to wait six hours for the chance of seeing Law. Enormous fees were paid to servants if they would merely announce names. Ladies of rank employed all the arts and graces in which they were skilled for the purpose of obtaining interviews with him. Many of them came day after day for a fortnight before they could gain an audience. A lady had a carriage overturned beneath his window to excite his attention. Law, it is said, retained his modesty, but his wife could not conceal her pleasure at the unexpected change of situation. The son of Law was admitted to dine with the King, who was of the same age; his daughter, scarcely eight years old, gave a ball at her house, to attend which the most brilliant of the nobility sought for the honor of invitation. The Papal Nuncio, arriving among the first, seized the child and indulged in a wonderful gush of kisses. Dukes, and even princes, sought her hand in marriage.

Law was now on the giddy pinnacle. The regent, like every one else, was under the charmed spell, and did not hesitate to remove M. d'Argenson from the treasury and make Law Comptroller General. If ever there was a time when he could not fulfil the duties of his office, it was just now, for the management of the Indian Company and the bank, as we have seen, required every moment. Yet lack of time did not for an instant lead this daring spirit to hesitate in accepting office. There was, however, another difficulty in the way which must first be removed. Law was a Scotchman and a Protestant, and it was necessary to naturalize and Romanize him before tendering to him the office. The last feat was just as easily accomplished as the first. Nor has any one ever doubted that he honored the Roman Catholic Church by joining it quite as much as he had formerly honored the Protestant communion by belonging to it. Nor has it ever been suspected that his religious conversion caused him troubled days and sleepless nights. He was, indeed, just as facile a religionist as he was financier. If the regent desired Law to become a Roman Catholic, he had only to say the word.

## PITT'S FINANCIAL REFORMS 1784-92.\*

[CONTINUED FROM THE APRIL NUMBER.]

Pitt attributed such importance to the amortization bill, that he invested its announcement with peculiar solemnity. When it had passed through both houses almost without opposition, the King appeared in person in the upper house on the 26th of May, in order to grant his consent. This was not customary in the course of a session, and was therefore calculated to produce a deeper impression. As the speaker of the lower house presented the bill to the King, he delivered an address, in which the gradual extinction of the public debt was represented as a fixed fact. The Government securities consequently rose in price at an astonishing rate. As there was no prospect of a new loan for that year, capitalists were compelled to invest their money elsewhere in commerce, trade, &c. Another fortunate circumstance contributed to augment the flow of money into private enterprises. In the preceding year a law had been enacted, by which every Englishman returning from India was obliged to state, under oath, the amount of his fortune. As soon as the law was known, a number of wealthy Englishmen came back to their fatherland in the course of the year 1786, in order to avoid that provision of the law, and invest their capital before it went into operation. The market price of Government securities profited by this also. The three per cents. rose to 73. When Pitt went into the Government they stood at 56.

The year 1786 is one of the most important in the financial history of England. From this year on disappears the disorder in the public finances which had prevailed under previous administrations, the equilibrium of the budget is restored. For the completion of the system Pitt proposed before the end of the session a supplementary measure concerning the taxation of wine. The consumption of wine increased from year to year, while the revenue from the duty on wine was continually diminishing. From this circumstance, Pitt concluded there was extensive smuggling of wine, and accordingly proposed that the tax on this article should be given over by the customs to the excise administration. This was again a daring step, for the excise was the least popular of all the taxes. The opposition was fire and flame, and perhaps never in the English Parliament were more violent speeches against the Government heard than on this occasion. The wine merchants and dealers

\* From the German of Fritz Killian in *Jahrbuch für Gesetzgebung*, 1882.

put in petition after petition. But the bill passed, and it proved that Pitt had calculated correctly. Before wine was subjected to an excise, 12-13,000 tuns were annually entered, but afterwards 18,000, and in consequence of a reduction of the wine tax soon after, even 22,000 tuns. Thus, almost all of Pitt's reforms were gradually justified by experience.

The difficult task of financial reform did not so exhaust the young minister's strength that he was unable to devote his attention also to the foreign commercial relations of England. We mention this side of his activity here, only to show how, in Pitt's opinion, the policy of taxation and commerce should go hand in hand. He repeatedly said in Parliament, that the greatest services of the citizens for the common welfare required services of the same extent on the part of the State, a principle that has only completely appeared in the modern science of finance and administration. He therefore considered it his duty to throw open to his people, who had supported him at such a sacrifice, profitable markets for their industrial productions, clearly recognizing that the increase of the National income thus obtained would have a favorable reaction upon the tax-paying power of the country. For some time Pitt had been negotiating secretly with France in relation to a commercial treaty. It was concluded September 29, 1786. This step put Pitt far ahead of his time; he had broken with all the commercial, political traditions of his native country, which knew only treaties of commerce favorable to England, while those based upon reciprocity were strange to it. The measure could not be recommended, in the eyes of his countrymen, by the circumstance that the first such treaty was concluded with the same France whose actual assistance made possible the independence of the American colonies. This was the boldest of all Pitt's reforms, and he encountered with it the most enduring disapprobation of the country. Fox was, besides, not disposed to say anything good about France. When the conclusion of the commercial treaty was made known, he assailed Pitt most violently in Parliament about it. He cried out: The ministry must have lost all sense of shame, if it lay England in this way at the feet of her hated antagonist. The National independence was threatened, sacrificed, the treaty concluded in the one-sided interest of France alone. It was perhaps the greatest masterpiece of the statesman's art, the way Pitt mastered the irritation prevailing not only in the ranks of the opposition, but also among his own followers. With vigorous blows he attacked the National prejudices, the old and narrow views of the necessary opposition of the interests of different nations, and proved that England, instead of growing weaker, must be economically strengthened by the extension of her commercial relations. English selfishness is hard to overcome, as we



know. Pitt's influence, however, accomplished what was seemingly impossible. The treaty of commerce was finally approved of by a considerable majority. Thus Pitt showed his countrymen how actual politics should be managed. And the commercial treaty concluded with France did not prevent him in the following year, on the occasion of the Prussian-Dutch War, to oppose most energetically the French Government, which was disposed to interfere in favor of Holland.

England had made considerable preparations for the contingency of her armed intervention in this contest becoming necessary. The consequences appeared at once on making up the budget of 1787-88 in a deficit. Pitt hesitated some time whether he should confess it or conceal it. In order not to destroy the public confidence so arduously restored, he determined not to put the deficit into the budget and to help himself out otherwise. By recourse to some anticipations and to the floating debt he succeeded in avoiding a loan. The year 1787 brought one of the most important advances in the financial reform. We have seen before, what confusion reigned in the collection of the stamp, the excise, and the customs. Pitt believed the time had now come to introduce system and order. For some years he had occupied himself very thoroughly with the plan. When it was matured, Pitt laid the so-called consolidation bill before Parliament in the summer of 1787. It provided for the abolition of the numberless rates of duties and for the substitution of a single tax upon every object of the previous taxation by customs, excise and stamp. This single tax was to correspond wherever possible with the amount of the preceding. Formerly the products of these three taxes, and of each one in particular, were assigned to special purposes and expenditures. They were now to be united in a consolidated fund, which had first to pay the interest on the public debt, and whose possible surpluses might be employed for other branches of the State's administration. In consequence of this arrangement the State's creditors lost the particular security, which they had possessed in the separate taxes, so from all sides they protested against the proposed innovation. Pitt refuted the objections made to him with the remark, that the State should not be treated as an ordinary debtor, it should rather have the right to change the security granted to its creditors, provided only that the new pledge be equal in value to the old. If this right were denied to the Government by Parliament, it would be impossible to make any change in a tax once introduced, and the interests of all taxpayers and of the State would under some circumstances be sacrificed to those of the public creditors. The importance of this reform is manifest, when it is considered, that by the system then usual in England of pledging separate taxes

for the public debts every reform concerning the finances was excluded in cases, in which a tax thus given as a pledge was to be either abolished or reduced. This was an insupportable shackle, and it is one of Pitt's greatest merits to have freed the English finances from it. A rational development of taxation in general, and the continuation of Pitt's reforms in particular, would have been impossible, had the old system been retained. To bring his much contested bill through Parliament and to calm the anxious creditors of the State, Pitt proposed to Parliament to give an explanation of its provisions; in case the total of the public revenue flowing into the so-called consolidated fund should not suffice for the engagements of the State, a covering sum would be annually granted by Parliament.

In great projects and their execution Pitt did not lose sight of the details of the financial administration, without losing himself in them. His improving hand came in everywhere. According to former rules the value of merchandise paying *ad valorem* duty had to be stated under oath. Complaints had often been made, that perjury was many times committed. Pitt did away with the sworn statement, instead of which a simple written declaration of the value, of the dutiable articles from the owner or agent was to be sufficient. For the protection of the fiscal interests power was given the customs authorities, in case of false statements, to seize the merchandise for the account of the State at the stated value, with an addition of ten per cent. for the probable profit of the merchant. With this provision, later almost universally adopted elsewhere, the English customs were placed upon a firm foundation. Similar measures were enforced to simplify the collection of the excise and the stamp tax. Pitt displayed amazing activity in the regulation of these details, and no less than three thousand decrees are due to him. In Parliament he met with no opposition; he developed the necessity of the separate measures with such remarkable clearness and profound knowledge of the subject, that even loud applause from the opposition was bestowed on him. Burke himself, then Pitt's bitterest opponent, declared: Although he and his friends considered it unfortunately their duty to contest frequently the measures proposed by the Government, they could not on this occasion refrain from expressing thanks to the financial minister, in the name of the country, for the absolute correctness of his leading views and his able presentation of them. Sir Grey Cooper also, who had been Secretary of the Treasury sixteen years, and was, therefore, an expert, bestowed the same acknowledgment on Pitt's undertaking. Even Fox declared his assent in warm terms, and Pitt's plan became law.

The consequences of the preparations of 1787 made themselves disagreeably felt also for the budget of the next year. Pitt consid-

ered it his duty to get through this year also without any loan or increase of taxes, and without diminution of the sinking fund formed in 1786. He succeeded, thanks to his skillful administration. The unforeseen expenditures of the fiscal year 1787 exceeded 1,200,000 pounds. Pitt affirmed the uninterrupted increase of the current receipts would cover the expenditures. But the total receipts of the fiscal year 1787-88 furnished according to his own statements a surplus of only 400,000 pounds over the estimate of the commission of investigation. There remained 800,000 pounds to be covered, for which he had been compelled to have recourse to the floating debt. It still excited general surprise in the country, that two years had passed without any loan or increase of taxes. People had become accustomed to the reception of loans as a necessary evil. Above all there was astonishment at this constant increase of the revenue, which was looked upon as a proof of growing prosperity. Pitt did not fail either to emphasize this circumstance particularly, and for the next year to put in prospect a still greater increase of revenue, as the danger of war was over, that had exerted a paralyzing influence on English commerce in the last budget year.

He took advantage of the temporarily good situation to pay off England's debt of honor to the American loyalists. They had lately become more importunate in their demands. The method of settling this affair does not interest us further here. It may be observed only, that Pitt himself did not recognize any right of the loyalists to indemnity, but expressly declared that England was merely fulfilling an honorary engagement in acceding to the demands of the loyalists. The measure was of considerable importance financially. An amount of no less than 1,228,000 pounds was in question. Pitt obtained the means by a lottery loan. Thus this difficulty also was overcome, one that had seemed insurmountable in 1783. The solution was another proof of the now favorable condition of the English public finances.

In consequence of these many extraordinary expenditures, the period of time had ever to be postponed, at which could be kept the promises of the commission of investigation of 1786. The revenue increased indeed, but not as rapidly as the expenditures. Almost every day brought some new arrears to be paid up, some new necessity to be satisfied. With rare skill Pitt was equal to all demands; but equilibrium in the public accounts was ever and again frustrated at some point. As anxious as Pitt was for economy, he did not fear expenditures that he considered necessary or useful merely. As the general political situation seemed to him to recommend the strengthening of the English naval power, he demanded, for 1789, 2,000 more seamen than in the preceding year, and for the fortifications an extraordinary allowance of 36,000 pounds. Both these expenditures, considerably exceeding the appropriations in the

noted normal budget of 1786, were not exactly necessary, but contributed to the improvement of the country's defences. When Pitt had such reasons he was not accustomed to hesitate.

At the same time he was compelled to put up with the abolition of a tax, which contributed no inconsiderable amount to the public treasury. The shop tax, introduced in 1785, had been very unpopular from the beginning. The merchants of London City, Westminster, and Southwark, the three principal parts of London, who alone had to pay three-fourths of this tax, stormed the House of Commons incessantly with petitions for the abolition of this tax. Fox made a motion to this effect regularly every year. Pitt had hitherto successfully contested it, though the majority, otherwise supporting him, was not so reliable on this point. At the beginning of the session of 1789 Fox renewed his attacks, sustained by the members from the above mentioned parts of London and from some other cities, who had received a special mandate from their electors. Pitt had to give way this time. He explained his previous refusal to consent to the abolition of the tax by his having supposed the tax did not remain a burden upon the merchants but had eventually to be paid by the consumers. He now, however, acknowledged openly, that experience had shown him his error. Though otherwise he thought it his duty to oppose every diminution of the public revenue, in this case he considered he had done enough for the maintenance of the principle and consequently relinquished all further resistance to the abolition of the tax. It was then abolished to the great joy of the opposition.

Encouraged by this first success, the opposition now hoped all the more confidently to overthrow the ministry on account of its financial policy, as, indeed, it could not conceal a weak side. When Pitt presented the new budget on the 10th of June, 1789, he had to confess that a deficit still existed. Apart from the annually-renewed treasury bills, the acknowledged deficit amounted to just one million pounds, as much as was to be used every year for the sinking fund. To overcome this difficulty, Pitt had thought for a time of an irredeemable annuity loan. But this would have only made appear more glaringly the want of logical consistence, with which he was reproached, of issuing loans on one hand to pay them off on the other. He gave this up, and had recourse to a peculiar kind of loan, which had been first employed in England in the year 1692, and had been customary in France under Necker during the last century, the so-called *ton-tine* or life annuities, in which the annuities of the dead are paid to the survivors. We cannot go further into the rather complicated details of this financial operation; it may suffice to remark, that the conditions were based upon the ordinary calculations of the probabilities of human longevity. The experiment was not as

successful as was desirable, as only 6,492 persons purchased annuities, instead of the 10,000 necessary, if the public treasury was to find it profitable.

There was still another engagement to be kept, making necessary the realization of further means. In 1787 the King had advanced from the civil lists 191,000 pounds for secret expenditures in Holland. Pitt gave out in Parliament that the largest portion of this sum had been loaned to the Stadtholder there, and was to be paid by him at a fixed but remote period. The advance must for the time be made up to the civil list, and to cover it Pitt proposed the issue of a loan to be reimbursed by nineteen annuities. Putting this and the above items together, for the moment no less than 1,200,000 pounds had to be realized by means of loans, in order to satisfy the necessities of the fiscal year in the midst of peace. Pitt asserted, to explain this contradiction of his previous assurances, that since 1786 many extraordinary expenditures had been necessary, which would not again recur. These expenditures, including the indemnity of the loyalists, had amounted altogether to 1,500,000 pounds. During the same period, however, a million of the public debt had been annually sunk. The actual decrease of the public debt, therefore, had amounted to 2,500,000 pounds, in spite of the various loans from 1786-1789, a result that should not be underestimated.

The new budget was nevertheless attacked most violently in Parliament. The attacks were powerless against Pitt's inflexibility. Indeed, he was not content with asserting the *status quo*, but for covering the interest of the new loan and replacing the shop tax, he proposed a series of new taxes on newspapers, insurances, legacies, playing cards, dice, horses, carriages, &c., and he set the seal to his boldness by moving to subject tobacco to the very unpopular excise. In giving reasons for this project, he called attention to the fact that smuggling had been principally carried on in tobacco, since, in consequence of former measures, the contraband trade in tea, wine and spirits no longer paid. The low price of this colonial commodity in relation to the duty was an irresistible inducement to smuggle it. According to the estimate of experts, more than half the tobacco consumed in the country entered by way of contraband trade. Pitt declared there were only two ways of doing away with the evil: either the duty on tobacco must be so reduced as to deprive smugglers of all hope of profit; or the collection of the greater part of the impost on tobacco must be transferred from the administration of the customs to the excise. The first way seemed too hazardous to him, so the second alone remained. Accordingly, Pitt moved the collection of a double tax from tobacco, a duty of sixpence per pound by the customs administration, and of ninepence on the same quantity by the ex-

cise. It will be remembered that a similar measure had been devised previously with reference to the impost on wine. The favorable results experienced had induced Pitt's decision concerning the introduction of the new taxation of tobacco.

The proposal raised a storm of indignation. The press came out with the fiercest attacks on the audacious financial minister, the walls of the metropolis were placarded with threats. The commercial cities at once presented one of the customary petitions to Parliament. The city of London, never before losing its equanimity in face of Pitt's reforms, was carried away, and the municipal council issued a vehement proclamation against the bill. The aldermen put themselves at the head of the opposition in the House of Commons. This whole agitation was out of all proportion to the actual bearing of the measure. For according to Pitt's calculations, an increase of taxation of only 300,000 pounds was in question; moreover, tobacco did not belong to the necessities of life, whose taxation interests the great mass of consumers. Few interests, indeed, knew how to make such a noise. Remembering how easily, some years before, Pitt's similar proposals relating to the taxation of tea, wine and spirits had passed through Parliament, the present agitation over relatively so unimportant a measure is all the more surprising. But this time, more than before, the political question was amalgamated with the financial one. After so many defeats, the opposition believed the heel of Achilles had been found in Pitt's financial system, and the faith of the mass of the people in his infallibility had been shaken. It aimed to make use of the unpopularity of the excise in overthrowing the financial minister.

---

## GROWTH OF AMERICAN CAPITAL.

During the first half of the present year there were constructed in the United States about 4,200 miles of new railroad, at an estimated aggregate cost of \$105,000,000. From an estimate of the issues of new capital in Europe for the first six months of 1882 only \$38,035,000 was for railroads in the United States, leaving \$66,965,000 as being provided from home capital. This estimate is, however, only approximate, as much of the money used in the first half of the current year was provided for previously; but, as railway building for the second half of the year is not likely to be materially less than that in the past six months, the calculation is not far from the actual relative amounts provided here and in Europe for this purpose. This fact illustrates a steady increment of American capital, and a growing independence of foreign aid. In material wealth the United States is in advance of either Great Britain or France. The national inventory of 1880 shows an aggregate valuation, exclusive of public lands, of \$49,770,000,000, while

a like schedule for the United Kingdom is only \$44,000,000,000, and of France, \$37,200,000,000. Apparently, the United States is foremost among commercial nations in point of National wealth. But wealth is not always available as capital for immediate use. In the aggregate, it is more a representation of National status than of capital that can be turned to immediate business account.

The National abundance of the United States is more diffused and less easily mobilized than that of either of the other countries named. The wealth of England and France is more concentrated and in better form for commercial use. The relative condition of the three countries is similar to that between a large property-holder and a money-lender, the former holding substantial wealth and the latter ready cash means. Not that this country is deficient in money supply, but, as we before observed, it is spread over a large territory and is less easily concentrated for commercial purposes. Each successive year shows an improvement in this respect, and, were the United States to be thrown upon its own resources for continuing its public improvements, there would be but little, if any, less accomplished than there has been in the past. Doubtful and speculative enterprises might not thrive so well upon American capital alone, but undertakings of merit with solid business prospects would have but little difficulty in securing at home such support as they might need. The financial and commercial independence of the United States is a matter of annual growth, through the steady development of its varied resources.

---

## BANKING LAWS IN EUROPEAN COUNTRIES.

In a lecture delivered on this subject by Prof. Leone Levi recently, at King's College, London, he said, when joint-stock enterprise was comparatively unknown the bank, like that of Vienna, Genoa and Amsterdam, might for some reasons be termed a public bank, and, as such, liable to the interference of the State. In no sense, however, could joint-stock banks be considered as public banks. The Bank of England acts for the State, and is founded by Royal Charter, with special privileges, but even it is essentially formed of private individuals carrying on together the business of banking for their personal advantage. With regard to banks which issue notes payable to bearer on demand, it is the duty of the State to protect the ignorant from placing undue confidence on what is really insufficient security, and further, to make laws to regulate such issues, and get sufficient guarantees for the notes put in circulation. Questions like these have arisen, and do constantly arise, in the minds of careful men. Can a promise to pay, unless under special circumstances, be admitted as a present payment? Is the State entitled to control all that constitutes the circulation? Is it the duty of the State to provide the ignorant and careless with guarantees, lest they should stumble and fall? Is it true that the over-issue of notes stimulates speculation and generates crises? Has the Legislature any right to interfere with the legitimate business of bankers and their relation to their customers? The banking laws—restraints imposed by the Legislature on banks, especially regarding the issue—have been from time to time, and not long since, discussed with great heat and much

learning. There were at one time, as now, distinct schools of monetary science. A bill in 1819, as the Bank Charter Act of 1844-5, was intended to secure the metallic basis of the circulation. All reforms, to be successful, must be gradual; alas! for any State which seeks to improve by radical changes. Those who favored the banking legislation of 1844 must have found their theories greatly shaken when crisis after crisis occurred which were not prevented, as it had been confidently expected they would have been. In 1848, 1852 and 1866 the restrictive provisions in these acts had to be suspended. By the enormous use of checks and of the Bankers' Clearing House, the use of bank notes has been greatly lessened. We have not yet attained the true requisites of a sound monetary legislation. The careful student, who would understand and study to advantage the banking laws, should examine carefully their principles and the details of their action; how far they are calculated to foster or destroy those motives of prudence and action which are the basis of our security against our embarking in adventures and speculations. In the systematic study of banking laws, the first points for consideration are those concerning the formation and the constitution of the realm, whether as the result of any special laws or as the elaboration of banking experience. Should the bank be governed by the State with regulations and sundry restrictions, or should it act independently of it? Should it act as the treasury of the State, and if so, on what conditions? Should it act as a great political engine, or should it exist as purely a commercial enterprise? Alas for that bank which depends on the State for its existence and safety, and for that State which trusts too much in the power of the bank to help it out of the difficulties brought on by its own extravagance. Further, the student should ask what relation does the framework of the institution bear to the resources and working power? What is its capital and its reserve? Is the capital (of shares) all paid up? What is the amount of deposits, and on what conditions are deposits received? Does it open private accounts with merchants and other individuals? Does it discount bills? What is the general character of its banking investments? Is there any limit to its power of passing notes payable to bearer on demand? Is there any State paper in circulation besides the bank paper, and apart from it, or is the bank circulation used by the State as the State paper? Rising from facts to principles, we have only to consult the experience of nations, and see how far there is a common *consensus* on the questions at issue. Banking laws in any country must, in a great measure, at least, be founded on the economic nature of its people. In a country like our own, which basks under the sunshine of free institutions, banking is in full possession of all its rights. With regard to Russian finance, war is a costly game, and so Russia is in a chronic state of bankruptcy. In 1843 steps were taken to put the monetary institutions of the State in something like order. After the Crimean war in 1856, the Government founded a National bank, the Bank of Russia, hoping thereby to improve commerce, and also the monetary relations of the country. The Bank of Russia, formed in 1860, is a State bank, with a capital of 25,000,000 roubles, supplied by the Government. The State takes all the profits of the bank except a small portion which is given to increase the reserve.

The Austro-Hungarian has recently replaced the Austrian National Bank. It was founded in 1815, for the purpose of estab-



lishing order in the finances of the State. A composite State like Austria, relating with peoples and nations who have nothing in common, is seldom free from war or revolution. The capital of the bank, 110,000,000 florins, was obtained from shareholders, and the State does not participate in the profits. The governor of the bank is nominated by the Emperor. The Bank of Austria does not act for the Government in its financial requirements.

The Imperial Bank of Germany was founded in 1785, under the most favorable circumstances, to provide a convenience for the whole empire. Its capital of 20,000,000 marks was subscribed entirely by shareholders. It is subject altogether to the control of the State, and the Government superintends all its operations; the Chancellor of the Empire being its president, and four colleagues—one of these being nominated by the Emperor, and the other three by the confederate council. The bank is bound to act gratuitously for the State, which participates in the profits after a minimum rate of four and one-half per cent. has been paid to the shareholders.

The Bank of France has a capital of 182,000,000 francs. Originally the Government did not interfere with it, but since 1806 the Governor of the bank has been nominated by the head of the State, and three out of the fifteen directors are to be chosen from the receivers-general of taxes. The Government also nominates managers for the branch banks. It must obtain the consent of the Government before it can buy, sell, or exchange real property. The services of the treasury are not entrusted to the bank, the Government doing its own banking business.

The Bank of the Netherlands was founded by William of Orange in 1814, according to principles first promulgated in 1802. By an Act which was passed in 1864, the bank is the only one in the Netherlands allowed to issue notes from that year to 1889. The capital of the bank is 60,000,000 florins. The State interferes with its management by nominating a president and secretary for it, and by the appointment of special commissioners. The bank acts gratuitously for the Treasury in Amsterdam.

In Belgium the National Bank was founded in 1850, with a capital of 50,000,000 florins (all paid up). The Governor is nominated by the King. After the payment of six per cent. to the shareholders, the surplus profits go to the State.

The Bank of England is a voluntary association, and owes nothing to the State, which is in reality a debtor to it. The Government exercises no control whatsoever over the business of the bank. The bank carries on all the business of the Government, without charging any commission, on the condition that it shall always have a large balance in hand. For the management of the National debt the bank receives £300 per million up to a certain amount. The bank gives to the Government £120,000 per annum, a proportion of its profits on the issue of notes. Why should banks relinquish their rights to the State? The Bank of Russia may be considered well organized, but it does not belong to itself, it is purely a State organization. In Austria the bank, though much entangled by the State's action, still is not ruined like the Bank of Russia. The Bank of France holds its own rights, as do also the banks of Belgium and the Netherlands. In all the six countries, the banks of which have been under consideration, only one bank of issue is permitted, and France and Austria act as their own State bankers. The State should allow

a bank to arrange its own matters unfettered. There is a great difference between the issue of notes in England and in other countries. In Russia, Austria and the Netherlands the bank notes really represent the debts of the State. Bank of England notes are legal tender outside its own premises. Austrian and Russian notes are legal tender at their banks only; in these countries notes are not convertible into specie. German law permits 250,000,000 marks of uncovered circulation. France does not limit the issue of notes nor regulate the quantity of bullion to meet them. The Bank of England is allowed to issue £15,000,000 upon due securities, and amount beyond this on bullion only. To fix by law the circulation of any bank is simply to try and stereotype the nature of its working without any allowance for the sudden changes of the money market. The cash-credit system of Scotland finds but little favor in England, but every country has its own favorite systems of banking. A banker should be careful of the various systems of banking. The danger of modern banking lies in its infatuation to advance upon unrealizable securities; many failures are caused by this. Without public credit every bank must fail.

---

## ON THE THEORY AND PRACTICE OF SCOTCH BANKING.

The following paper was read before the London Banker's Institute by James S. Fleming, President of the Institute of Bankers in Scotland. It is a very succinct and admirable presentation of the subject.

I do not propose to spend time in the search for a true scientific theory of banking, for I doubt if it is to be found. Banking cannot yet be classed among the exact sciences, and in it, as in most of the vocations of life, practice and theory have an awkward habit of overlapping and modifying and controlling each other. The goldsmiths, who long ago engrafted on their calling the money dealing, out of which great banking houses sprung, did not, we may safely say, concern themselves much with theory. They practiced banking in the form dictated by the circumstances in which they were placed; their root principle being, first to establish, and then to maintain, confidence or credit,—profit being their practical end and aim.

But we are, I think, interested in ascertaining whether, when banks were first established by public authority, the State had any conception or theory as to the nature of the business of banking, and as to the factors by whom the business was to be carried on. These two points embrace all of theory with which I mean to trouble you as bearing upon the mould in which Scottish banking was originally cast, and which has shaped its course down to the present day.

In a country with a revenue scarcely exceeding £100,000, it required no inconsiderable faith in future progress to justify the setting up of a bank. In truth, the Bank of Scotland was not of Scottish birth. The establishment of the Bank of England in 1694 gave the impetus, and enterprising Scotsmen in London, aided by an English

financier, were the authors. We have, therefore, to look to the constitution of the Bank of England for the earliest formulated theory of banking, and that is somewhat hazy. This is not to be wondered at, for the establishment of the Bank was altogether subsidiary to the raising of money for carrying on the war against France. An Act was passed (5th William & Mary, cap. 20, 1694) granting Taxes on Beer, &c., and with these taxes as security, and a Charter as the bribe, a sum of £1,200,000 was speedily placed at the service of the Crown. On this rather ignoble foundation was reared the greatest bank that has ever existed. Its powers are implied rather than expressed. The Legislature was jealous of the Crown, and, therefore, the Bank was prohibited from purchasing Crown lands or lending money to the Sovereign without the authority of Parliament. Equal jealousy was shown of the Bank becoming great traders, and "to the intent that their Majesties' subjects may not be oppressed by the said Corporation, by their monopolizing or engrossing any sort of goods, wares or merchandises," the Corporation was prohibited from all dealing or trading, directly or indirectly, in such goods. Enforcing these prohibitions by heavy penalties, the Act provides that they should not be construed to hinder the Bank from dealing in bills of exchange, buying or selling bullion, and selling goods left in pledge and unredeemed. Similarly the power of the Bank to issue notes is implied, for it is enacted that "bills obligatory and of credit" granted by the Corporation should be assignable by indorsement.

The Scottish Parliament in 1695, naturally adopted the English Act as its model, as regarded the theory of banking, and surrounded the Bank of Scotland with the same jealous prohibitions. Its powers, although somewhat more explicit, were still matter of exception from prohibition rather than of express enactment. It was prohibited from all commerce, traffic, or trade, "excepting the trade of lending and borrowing money upon interest, and negotiating Bills of Exchange allenarly, and no other." No express authority was granted to issue notes, for that was assumed as inherent in the power of banking, but a summary mode of recovering payment was enacted. The outstanding peculiarity in the Act is the monopoly conferred on the Bank for a period of twenty-one years, a privilege not originally granted to the Bank of England.

In 1727, the members of a previously existing parliamentary corporation, called The Equivalent Company, which sprung out of the Union of England and Scotland, were incorporated under the name of The Royal Bank of Scotland. By its Charter, His Majesty granted "unto the said Company of The Royal Bank of Scotland and their successors for ever, full power and liberty to exercise the rights and powers of banking in that part of his United Kingdom called Scotland only, and in particular to lend to any person or persons, bodies politic or corporate, such sum and sums of money as they shall think fit, at any interest not exceeding lawful interest, on real or personal security, and particularly on pledges of any kind whatsoever, of any goods, wares, merchandises or other effects whatsoever, in such way and manner as to the said Company shall seem proper and convenient, and that the said Company may keep the money or cash of any person or persons, bodies politic and corporate whatsoever, and may borrow, owe, or take up in Scotland, on their Bills or Notes payable on demand, to be signed in such manner and by such persons as the Court of Directors hereinafter mentioned shall direct and appoint, or in such other manner as the



said Court of Directors shall think fit, any sum or sums of money whatsoever."

I have quoted this clause at length because we have in it for the first time, a clear, express, and authoritative definition of what the State then understood to be comprehended within the business of banking. We occasionally hear, now-a-days, that banks of issue *usurp* the privileges of the State. Of usurpation, at all events, they are by this definition, proved to be innocent.

I would say, then, that the State theory of the business of banking in Scotland at the outset, was in exact correspondence with what ever since has been the popular theory, and that it included, as to this day it includes, these three elements: (1.) Issue of bank notes; (2.) Deposit—not in the legal sense of mere custody, as in some of the ancient banks of the Continent, but in that sense where the relation of debtor and creditor is established between the banker and his customer; and (3.) Loan and Discount.

We have next to see by whom, in the contemplation of the State, this business was to be carried on.

The Bank of Scotland and the Royal Bank were from the outset pure corporations: Such a corporation could only be created by the Crown or Parliament, and only by Parliament if it was to enjoy any monopoly. Once created it was a distinct *persona* in the eye of the law, with absolute individuality, capable of contracting through officers, and of holding property, and liable, like every other individual, for its own debts, to the full extent of its own means. It was not a partnership. The members of the Corporation were liable to it for their respective subscriptions to its capital, but were to no extent liable for its engagements. These peculiarities of a corporation, although well recognized by lawyers for centuries, have, from the growth in modern times of large and important joint stock companies, been somewhat lost sight of. But their reality and importance received fresh illustration in some of the litigations which ensued on the failure of the City of Glasgow Bank, and the most eminent lawyers on the bench of the Supreme Court of Scotland, and in the House of Lords, had occasion more than once to deal with the peculiar position of corporate bodies, and to re-state the incidents of incorporation to which I have referred.

Of these old corporations proper—of which many were constituted—only five were established as banks in the United Kingdom, and they all still exist. The Bank of England was the first, the Bank of Scotland and the Royal Bank of Scotland followed, the fourth was the British Linen Company, established in 1746 as a manufacturing company, but long since recognized as a bank, and the fifth was the Bank of Ireland, incorporated in 1783.

It is outside of my subject to refer to the monopoly conferred on the Bank of England and the Bank of Ireland. No such privilege interfered with the development of banking in Scotland, and the business there was at common law free to any person who chose to engage in it. But for a century it was the avowed policy of the State, while respecting the freedom of individual traders, or private partnerships, to suppress all attempts to establish joint-stock companies. The disastrous results of the South-Sea mania led to the adoption of this policy, to which effect was given by the passing in 1726 of what in history is known as the Bubble Act (6 Geo. I, cap. 18). On the recital that in many cases undertakers or subscribers had, since 1718, presumed to act as if they were corporate bodies, and had pretended to make their shares trans-

ferable or assignable without any legal authority, either by Act of Parliament or by any charter from the Crown, it was enacted that all such undertakings should be illegal and void, and should be put down as "common and public nuisances."

We have another illustration of the same policy in 1750. The British Linen Company had then begun to act as bankers, and to guard against a repetition of this, the Royal Charter granted to a society for the encouragement of British fisheries provided, that "for preventing the society from interfering with the business of the Bank of England, the Bank of Scotland, or the Royal Bank of Scotland, the society shall not deal in bills of exchange, or inland bills or notes, shall not receive moneys or keep the accounts or cash of any person other than their own, shall not anyways use the banking business, shall not issue any notes or bills payable on demand for the loan of money with or without interest, and shall not lend money at interest on any pretext whatever."

While this was the policy of the legislature, there was nothing as I have said, to prevent any number of individuals forming a co-partnership, and many private banking companies existed for a long period in Scotland nearly all of them exercising the right of issue. They were popularly known by a descriptive name, such as the Dundee Bank, but they contracted under a social firm, such as George Dempster and Co., by which they could sue and be sued. The distinguishing characteristics of these private companies, in contrast with the older Corporations, were that the partners incurred personal and unlimited liability *singuli in solidum* for all the obligations of the Company, and were at perfect liberty to define, and to alter at their pleasure, the limits of the business in which they engaged, and their rights and liabilities as among themselves.

The Bubble Act was a measure of too great stringency to be practically enforceable, and it fell into desuetude. Ignoring it, joint-stock companies formed with a view to perpetual endurance, with transferable shares and with only a descriptive name, were from time to time established. The Commercial Bank of Scotland, formed in 1810, was the first company of this character established in Scotland, and the National Bank of Scotland followed in 1825. In that year we trace the first symptom of a change of policy on the part of the legislature. The disastrous failures among the provincial bankers of England caused a doubt whether joint-stock companies were really the evil thing so strongly condemned a century before, and the Government of the day resolved to encourage their formation, and even to grant charters of incorporation, but only on the footing of the members continuing liable as in partnership. A difficulty here arose. The Crown lawyers advised that while it was the undoubted prerogative of the Crown to create a Corporation, the essential and inevitable incident of its creation was to free the members from the ordinary liability of the partnership relation, and that the Crown had no power to alter this incidence of incorporation without the authority of Parliament. Accordingly, an Act, known as the first of the Letters Patent Acts (6th George IV, cap. 91), was passed, repealing the Bubble Act, and authorizing the Crown, in future Royal Charters, to impose liability on the members of corporations in their persons or property for the debts of the Corporation, to such extent as might be thought right. It was under this Act that the two banks I have just named obtained in 1831 Charters of Incorporation, with unlimited liability. But before they obtained their Charters the legislature, first in 1825,

and by a more matured Act in 1826, recognized the existence of banking companies in Scotland, with numerous partners and transferable shares, of which many had transacted business for a number of years to the great advantage of the country, and it was enacted that from the passing of the Act of 1825 they should "be held to be legal," and might sue and be sued in name of their principal officer.

In 1844 the principle of incorporation at will, by registration, was introduced in England, but banking companies were excepted. The Joint-Stock Companies' Act of 1856,—the first of the limited liability Acts which applied to Scotland,—left all joint-stock companies, *except banks*, free to register with either limited or unlimited liability. In 1857 banking companies were permitted to register, but not as limited companies. This prohibition was repealed in 1858, and the law was consolidated by the Companies' Act of 1862, under which all the joint-stock banking companies of Scotland not previously incorporated were registered as unlimited companies. The crisis of 1878 caused another marked change in policy, and the Act of 1879 was passed, intended to encourage the adoption of limited liability except as to notes. The principle of reserve liability was then introduced. It was completely at variance with the past traditions of the Treasury and with the practice of Parliament, of which there were two notable examples. In 1829 the Royal Bank asked authority to increase its capital from one and a-half to two millions, and in the charter then granted the power was made conditional on the new capital being fully paid up within five years. This condition was thus explained by the Treasury. "It seems objectionable," my lords said, "that any chartered bank should have a large nominal capital unpaid up, which is calculated to deceive the public, and not to afford those advantages to the Company in times of difficulty which a large extent of available capital is calculated to supply." The same view prevailed in Parliament so recently as 1873, when the Bank of Scotland asked power to create additional capital. The power was granted, but subject to the condition that any new capital created should be placed on the same footing as the previously existing capital, by calling up two-thirds of the amount.

Time alone can show whether the last change in policy will prove beneficial. In my humble opinion it will. Every banking catastrophe has disclosed this fact, that for a long time the struggling bank had been existing on improvident and vicious financing in London, effected mainly on the credit created by the unlimited liability of a numerous proprietary. I think it cannot be doubted that the flagrant mismanagement which led to recent failures in both countries, must have been checked years before if the companies had been dependent solely on their character and defined resources, and the legitimate credit thence arising.

Besides the three old corporations, there are now existing in Scotland seven joint-stock banking companies, all incorporated by registration under the Act of 1862, and all re-registered under the Act of 1879 as limited companies, each partner being liable for four times the amount at present paid upon his shares.

Having thus endeavored to explain the Scottish theory of what banking business comprehends, and the factors in that business, we have now to look at the system in practical operation, and, perhaps, this can best be done by adhering to the three divisions of Issue—Deposit, and Loan and Discount. Preliminarily, I may say,

that the ten banks have 887 branches in Scotland, and that at present their gross resources amount to 105½ millions, whereof upwards of fourteen-and-a-half millions consist of paid-up capital and reserve funds belonging to the proprietors, the remaining ninety-one millions constituting their liabilities to the public.

FIRST: ISSUE.—We have no trace of any paper currency before the establishment of the Bank of Scotland in 1695. From its commencement that Bank issued notes of the larger denominations, and in 1704 it began to issue £1 notes. The total amount was very limited in the early part of the eighteenth century. In 1704 it stood at £50,000, and it appears from a balance sheet at 27th March, 1728, that the notes in the hands of the public then amounted to £71,000. During the interval between 1704 and 1728, the circulation had doubtless been considerably higher, for in the end of 1727 the Royal Bank had become a competitor. We might, I think, state the total circulation in 1728 at about £150,000. For a century afterwards we have no statistics. I find that the Royal Bank's circulation stood in 1740 at £88,000; in 1750 at £134,000; and in 1760 at £237,000. The private banking companies began to be formed about this time, and the circulation must have increased rapidly during the second half of the last century. In the early part of this century we have some guesses as to its amount. Mr. Gilchrist, then Manager of the British Linen Company, was examined before Parliamentary Committees in 1810 and 1819. At both dates there were, besides the three chartered banks, from twenty to twenty-five private Companies issuing notes, and he estimated the circulation in 1810 at from two to two and a-half millions, and in 1819 at from two and a-half to three millions, of which, he was of opinion, that more than a-half was provided by the chartered banks. In 1826 Mr. Blair, of the Bank of Scotland, estimated the circulation at three and a-half millions, fully a-half being £1 notes; and this estimate was confirmed by a return of notes stamped. From 1833 downwards we have complete returns. Before 1841 these exhibit the average per calendar month; from that date the average is taken for periods of four weeks, always ending at the close of business on Saturday. From 1845 we have, in addition, returns of the gold and silver coin held by the Banks.

I have appended a diagram,\* (No. 1.) which will show at a glance the fluctuations in the paper currency of Scotland since 1833. I invite your attention to that diagram, for it suggests some considerations bearing upon private issues, in all parts of the Kingdom. One noticeable feature is the half-yearly reduction to the minimum about March and September, and the increase to the maximum at the two terms of Whit Sunday (15th May) and Martinmas (11th November). These fluctuations take place with absolute regularity. The variations in the coin follow precisely the same rule, the increase representing the half-yearly drafts from the Bank of England, and the decrease the return of coin to that establishment. The stock of coin, otherwise, at all times, even in periods of disturbance like 1847, 1857, and 1878, lies dead from year's end to year's end.

The circulation is an accurate barometer as to the state of trade and the prosperity of the country. From the diagram it will be seen that the amount was low from 1833 to 1843, ranging from two and a-half to three and a-half millions. Then came the railway mania, with its lavish expenditure and consequent increase in wages

\* This diagram it is not practicable to reproduce in our pages.—[Ed. B. M.]

and values, and the circulation gradually rose till it reached four millions in 1846. The crisis of 1847 at once sent it down, and for the succeeding five years it never reached three and a-half millions. Active trade was again experienced towards the end of 1852, and we see a maximum reached of four and a-half millions in 1856. The crisis of 1857 did not affect the circulation to the extent that might have been anticipated, for in some branches the trade of the country continued fairly active, and the range remained pretty steady between the limits of three and a-half and four and a-half millions till 1864, when commenced a rise, gradual at first, but progressing rapidly from 1868, until in November, 1876, it reached upwards of seven millions, the highest maximum which the Scottish circulation has ever attained. The great agricultural interest then began to suffer; the crisis of 1878 followed, wages and prices rapidly fell, and the range of the circulation in the succeeding years was reduced to from five to six and a-quarter millions.

The unvarying regularity of the half-yearly fluctuations over a period of fifty years appears conclusively to show that the banks are absolutely powerless in regard to the circulation. The establishment of a network of branches, the system of exchange between the banks, the facilities for keeping bank accounts, and the growing system of paying by checks instead of notes, have all tended to limit the circulation strictly to the public wants for active currency. We used to have an exchange of notes twice or thrice a week, but for the last eight years there has been a daily exchange at every place where more than one branch bank is established. It necessarily follows that if any bank is liberal in its loans, and thereby, for the moment, swells its issues, the excess beyond what the public requires for currency will be returned upon it, most likely the same day, and certainly on the following day. I believe, therefore, that the diagram truly marks the limits of a paper currency which the country's requirements, modified by many incentives to economy, absorb for daily use; and I do not hesitate to say that the aggregate is incapable of being either reduced or increased by any action on the part of the banks, short of their all ceasing to issue notes, and that the amount has no relation to the state of the international exchanges, except in so far as these affect our internal industries; that the circulation has no influence on prices; that it varies in amount precisely as a metallic currency would do were all notes abolished; and that its increase and decrease are entirely dependent on the activity and prosperity, or the inactivity and depression, of the industries of the country.

This right of issue was the life's blood of Scottish banking in its early days, and was by far the most important factor, next to the Union, in the material prosperity of the country. Our Jacobite proclivities for a time checked the impulse given by the Union, but after the outbreak of 1745, the progress in agriculture and in trade and commerce was rapid. Money, however, was wanting. It was not withheld from distrust; it did not exist. Economists may continue to discuss the abstract question—whether credit is capital, but unquestionably in Scotland the credit of the early banks, on which their notes obtained circulation, supplied the place of, and served in all respects as capital, and did so most effectively. The freedom of issue was for a time abused, but the blots of last century were wiped away by the Act of 1765, prohibiting notes not payable on demand, or for less than 20s.; and that the system operated on the whole beneficially for Scotland, for a cen-



tury and a half before 1844, every Scotsman will, I believe, maintain. The people of Scotland successfully resisted any interference with it when threatened in 1826, and it was with no inconsiderable alarm that the progress of Sir Robert Peel's measure of 1844 was watched alike by the community and by the banks.

The change effected by the Acts of 1844 and 1845, which is often erroneously represented as conferring privileges on the Scottish banks, while in reality it restricted their freedom was not sought, indeed, it was opposed by them, even although it avowedly gave them a monopoly of issue. I have always understood that the underlying principle of the Act of 1844 was "to regulate the quantity of the paper circulation, so as to keep its value identical with what the value of a metallic currency would be." Looking back over more than a generation at the feverish speculation which has now and again prevailed, and at the host of financial companies which have been established, and might under the old system have been issuers of notes, the principle of *regulation* was not, in my opinion, put in force a day too soon. We often hear that this was an improper interference with freedom. But as the great apostle of free trade said, in advocating the restriction of the Scottish currency to notes of £5 and upwards, "those exertions of the natural liberty of a few individuals which might endanger the security of the whole society are, and ought to be, restrained by the laws of all governments, of the most free as of the most despotical. The obligation of building party walls in order to prevent the communication of fire is a violation of natural liberty, exactly of the same kind with the regulations of the banking trade which are here proposed." (*Wealth of Nations*, Book II, cap. 2.)

With regard to the results of the legislation of 1844-45, the heads of the banks in Scotland were in 1875 agreed to this extent that "after thirty years' experience of the working of these Acts in Scotland, the result, both as regards the public and the banks has been on the whole satisfactory." Probably very few will maintain that the Acts have wrought all the advantages anticipated by their promoters. They certainly have not prevented, nor have they modified, the intensity of crises.

In 1865 Mr. Gladstone, describing the objects of the Act of 1844 (*Hansard*, vol. 178, p. 1247), made the very important statement that two of its leading principles were (1) "that the paper money of the country should proceed from one single source," and (2) "that the issue of that paper money is the prerogative of the Crown." For the second of these propositions, thus broadly stated, I have not been able to discover any sanction in the speeches of Sir Robert Peel in 1844 and 1845. He said, "Some have contended, and I am not prepared to deny, that *if we had a new state of society to deal with*, the wisest plan would be to *claim* for the State the exclusive privilege of the issue of promissory notes, as we have claimed for it the exclusive privilege of coinage;" but the conclusion that he arrived at was "that the true policy in this country is to work so far as it is possible with the instruments you have ready to your hand."

Whether Sir Robert Peel did or did not hold the principle of prerogative, it is certain that since 1844 statesmen of the first rank have expressly repudiated the idea of a State issue. In December, 1847, Lord John Russell said (*Hansard*, vol. 95, p. 634): "It has long been the decision of Parliament that we should not embark in the dangerous sea of a State currency." Ten years

later (on 11th December, 1857,) Sir George Cornewall Lewis, then Chancellor of the Exchequer, is reported thus (*Hansard*, vol. 148, p. 591): "I doubt whether any economy to the public or any security to the holders of notes would arise from the entire subversion of the existing system,—from a prohibition of the issue of notes by the Bank of England, by private banks in England, by the Banks in Ireland and Scotland, and from the assumption of an exclusive right of issue on the part of the Government." He proceeded to combat the argument based on *regalia coronæ*, pointing out that the Crown is merely a manufacturer of gold coin, stamping it as of a certain weight and quality, and he goes on to say: "Those who imagine that the country would receive great advantages from a Government bank for the issue of paper, because the exclusive right of making coin is vested in the State, will find, when the case comes to be examined, that their idea is altogether fallacious." And this was his conclusion: "I am not prepared either to submit a measure for the development of the Act of 1844 in the manner which I have described, or to assent to the alteration if it were proposed by others."\*

The theory that the issue of paper money is a prerogative of the Crown, has grown in favor since it was first enunciated in 1865, especially with Chancellors of the Exchequer; for, as Mr. Gladstone then said, the doctrine "involves this consequence—that the profit attached to issue should form a legitimate portion of the public revenue." (In passing I may remark, and I do not hazard much by the prediction, that a State issue for Scotland would be barren of results to the public revenue.) Mr. Lowe, in 1872, while admitting that "*formerly* the issue of promissory notes payable on demand was regarded as *part of the business of a banker*," thus states the modern theory, "*now*, it is I think generally recognized that the issue of such notes is the creation of money, and that the creation of money is the business of the State, not of any trading association." Sir Stafford Northcote was very much at one with Mr. Gladstone on the subject in 1875 and 1879, and in 1881 the Treasury suggested that the Scottish Banks "should join the Government in considering the terms upon which a state issue of notes, having the quality of legal tender elsewhere than at the place and Office of Issue in Scotland, might be substituted for the present Issues."

This overture was not accepted, and there the question at present rests. Whether Scotland is to be made the *corpus vile* of a currency experiment remains to be seen. The Banks of Scotland will no doubt resist such a proposal, but the solution of the question will be affected by their action, only to the extent to which they are truly representative of the public interests and wishes. Statesmen are wedded to the new theory, and all they require is the mandate of the people of Scotland. But that has not yet been given. Mr. Gladstone most truly said in 1864, speaking on the subject of Currency (*Hansard*, vol. 176, p. 118), that the Scotch members, backed by the opinion of Scotland, were perfectly well able to take care of themselves; and I venture with some degree of confidence to adopt his language, when on the same occasion he said, that "looking to the state of affairs in Ireland and Scotland with regard to the currency, the realization of any scheme for a uniformity of currency is altogether impracticable or at any rate remote."

\* See also two interesting papers on the subject, by Mr. Arbuthnot and Lord Montagu, in the appendix to the report of the Select Committee on the Bank Acts of 1858, pp. 414 and 492.

Be that as it may, however, it is expedient to inquire what change is possible, and what that change would involve. Now, I at once put aside the idea of any reversal of the policy of 1844 which would restore freedom of issue. No doubt we have had in Scotland many consistent advocates of that course, but they are now, I think, pretty well satisfied that a return to the old system is utterly hopeless. In truth, it might as well be proposed to re-enfranchise Old Sarum. The other, and the only other possible, solution of the question, if we are to have change at all, is the substitution for the present system of issue, of legal-tender notes. In such a change, I am satisfied that the public and not the banks have the greatly preponderating interest.

For what would such a change involve? On that question much ignorance prevails. We find it not only among the general public, but also in Government departments, among members of the legislature, and notably in the press. The really important question, said the *Economist*, only the other day, is "would it (*i.e.* a State Issue) be in any way injurious to the public?" I quite agree that *is* the question; but when the writer goes on to say that the answer "must be distinctly in the negative," I join issue with him, and say as distinctly that the answer must be in the affirmative. In the next sentence he says, "It would be different if there were any reason to fear that a change would endanger the £1 notes." I say deliberately that it would not be different in the very slightest degree. It is quite true that as a mere matter of convenience Scotsmen prefer a note to a sovereign, and were a State issue introduced it would be very unwise not to continue the small notes. But it is a pure delusion not only of writers, but also of the Treasury, that in Scotland we attach a superstitious importance to £1 notes, *merely as such*. It was not because the people of Scotland had a strong objection to sovereigns that Sir Walter Scott took up the cudgels in '826 on behalf of our paper currency. He did not pretend to be a financier, but he very clearly saw and said that to prohibit the issue by the banks of £1 notes meant not merely the substitution of a gold for a paper currency, but involved the abstraction from the resources of the banks of an amount exactly equivalent to the gold currency so to be substituted. In other words, the sovereign put in circulation would cost 20s., whereas the £1 note served precisely the same purpose at the cost of paper and engraving, and the resources of the banks remained intact, and available for lending purposes.

This is precisely the state of the question to-day, modified to a small extent by the legislation of 1845, requiring a certain proportion of specie to be held in Scotland. In discussing the consequences of a change to legal-tender issue, writers only see from the returns that the circulation is so many millions, and that so much coin is held against it, and they conclude that all that has to be done is to withdraw the present bank notes, put into circulation legal tender to an equivalent amount, and set the gold free. They cannot imagine why the public should not be as well pleased, or better pleased, to have notes bearing the security of the State rather than notes bearing the security of the banks. No more can I, if—but the "if" is all important—the public could only have them at the same cost. The *Economist* naively asks, "What is there in the withdrawal from the existing Scotch banks of their exclusive privilege of issue that the public need fear?" Let us see.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

## THE PLEDGE OF COLLATERALS BY A TRUSTEE.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, MARCH 13, 1883.

*Loring v. Brodie, Trustee, and the Merchants' National Bank.**Same v. Same.*

[The following opinion is much longer than any it is our custom to publish, yet the importance of the principles involved justify its insertion. An abstract of the case was given in the April number, and the full report is now obtained outside the usual sources for the benefit of our readers.—ED.]

DEVENS, J. These suits are between the same parties, and proceed against Brodie, the defendant, for breach of two different indentures of trust, and against the defendant Bank as the recipient (as is averred), with equitable notice of the existence of the trust of certain portions of each trust estate as collateral security for or in payment of debts due the Bank from Brodie individually. These funds consisted of stocks and United States bonds, and also of cash, the proceeds of certain real property belonging to the second estate, sold by Brodie and paid to the Bank.

The first bill seeks a conveyance from defendant Bank of six shares of the York Manufacturing Company, ten shares of the Essex Manufacturing Company, and ten shares of the Fitchburg Railroad Company (*Record*, p. 4), alleged to have been held in trust for plaintiffs under an indenture of December 25, 1849.

The second bill seeks a conveyance from defendant Bank of eighty shares of Fitchburg Railroad Company, twenty shares of the Essex Manufacturing Company, fifteen United States bonds of \$1,000 each, and also the restitution of certain moneys received, as is alleged, with knowledge that they were trust property, being the proceeds of sales of real estate, which stocks, bonds and real estate are alleged to have been held in trust for plaintiffs under an indenture of December 12, 1865.

Brodie has been defaulted, and the bill against him being taken *pro confesso*, his liability for the misappropriation of the bonds, stocks and moneys is established.

The case, so far as the responsibility of the Bank is concerned, naturally divides itself into three inquiries: 1st, as to the United States bonds which were a portion of the trust property; 2d, as to the stocks; 3d, as to the moneys received from sales of real estate. Although there were two distinct trusts, it will not, apparently, be difficult to separate the property belonging to each, so as to render the appropriate decree, should any liability therefor be established against the Bank.

All the transactions as to the United States bonds terminated in a note of November 21, 1874, signed by Brodie, Trustee, for the sum of \$15,000, for which it was agreed between Brodie and the Bank that the bonds should be held as security, and to the payment of which they were subsequently appropriated.

It is to be considered whether they came into the possession of the Bank under such circumstances as informed the Bank, or fairly placed it on inquiry as to whether it was not dealing with trust property without proper regard to the rights of the beneficiaries. There were no United States bonds included in the first or earlier trust; they formed a portion of the second. In order to

ascertain the liability of the Bank, it is necessary to examine the history of the previous transactions as to them, so far as it is disclosed by the evidence.

On December 20, 1865, J. K. Fuller was and for a long time had been the cashier of the defendant Bank. He was appointed the attorney by Brodie, to collect the dividends on the stocks held by him as Trustee, and a list was appended to the power, enumerating eighty shares Fitchburg Railroad Company, twenty Essex Manufacturing Company, two Old Colony Railroad, and fifteen bonds of United States for \$1000 each (pp. 51-52). Fuller receipted to Brodie for the bonds for safe keeping, signing the receipt as cashier (p. 53), and throughout the transactions that took place he acted, or assumed to act, for both Brodie and the Bank.

It appears that a letter was written on April 27, 1867, by Fuller to Brodie (p. 68), that the Bank would make him a loan, but would require him to send a note as Trustee, specifying the bonds as security.

This may fairly be deemed an official communication on behalf of the Bank of the terms on which it would deal with him. Shortly after a loan was made to him of \$6,000. All the notes were not given in evidence which are referred to in the accounts of the Bank, but apparently from that time, during the cashiership of Fuller, Brodie, Trustee, was always indebted to the Bank for loans secured by pledge of these bonds, as well as other of the trust funds. Several notes were put in evidence from Brodie to the Bank, in which the security was specified "as a deposit of United States bonds," and one note specifies the security as a deposit of United States bonds then on deposit in Bank—of these notes, the most important is that of September 13, 1869, for which the collateral security specified was "fifteen bonds of \$1000 each, and ninety shares of Fitchburg R. R."

Fuller left the Bank February 1, 1873 (p. 81). It is the contention of the defendants, that whatever the character of the transactions with Fuller, they were terminated, and that it was by a distinct transaction, which occurred after Mr. Chapman became cashier, that these bonds became collateral security to the note, for payment of which, or for that of the note which was substituted therefor, they were eventually sold.

Before determining this fact, it will be well to inquire what the legal position of the parties to these notes was while Fuller was cashier. The plaintiff contends this note of September 13, 1869, was still in existence when Chapman became cashier, and was the foundation of the note of November 21, 1874, given subsequently to Chapman's incumbency of the office, upon which the bonds were sold. If these bonds could not have been devoted by the Bank to the payment of the note of September 13, 1869, on account of any notice under which it received them, it is not of importance that the form of the note for which they were held as security was changed before this sale was made.

That Fuller knew that these bonds were trust property is quite clear. The schedules which were given him when he became the attorney of Brodie and took them into possession, specified them by numbers. He was distinctly referred to the trust deeds for the enumeration of them, as well as the other property of the trust.

As cashier, he had asked for a pledge of these bonds in reply to an application for a loan by Brodie. The notes of Brodie were signed as Trustee, which afforded evidence that the bonds were trust property, especially when stocks, which showed upon their face that they were trust property, were united with them as collateral.

By law, the Bank is entitled "to exercise by its Board of Directors, or duly authorized officers or agents, all such incidental powers as shall be necessary to carry on the business of banking." The cashier of a bank is its financial executive. It is under his direction that its moneys are received and paid out, that its debts are collected and paid, that its securities are kept and transferred—such powers as are habitually exercised by cashiers must be held, so far as the public was concerned, to have been conferred upon him by his election to the office. *Merchants' Bank v. State Bank*, 10 Wall. 604.

Whether he was or was not entitled by authority of the Bank to make loans or discounts, or whether these were actually made by him, is not expressly shown, but in any event, he was the officer to receive information and conduct the negotiation as to them, with the Bank, to pay out the moneys and receive the securities. If he receives them with a knowledge that they are wrongfully transferred and are the property of others, his knowledge must affect the Bank.

His attitude and relation are such that it is his duty to communicate this information to the Bank, and he cannot be deemed as a mere channel of transmission, whose knowledge is to be treated as affecting only himself.

Although he was the attorney of Brodie in taking care of and managing the trust property, he was the cashier, also, and there is a confidence reposed in him as such, which makes his knowledge that of the Bank.

Even if it be true that when the agent, in collusion with his principal, is engaged in a transaction the effect of which would be to obtain from another, for whom he is also acting, money by false pretences, it will be presumed conclusively that he made no communication of the facts, which is asserted by some cases, this will not enable the Bank to escape responsibility. *Cave v. Cave*, 15 L. R. Ch. Div. 639.

So far as the conduct of all parties to the transaction is shown, it does not seem that they supposed they were engaged in a wrongful transaction. They apparently held that they might properly do what they continued to do and repeatedly did. But if it be treated as if they knew that they were acting wrongfully where the rights of third persons are concerned, the loss by such transactions must fall on that principal who has enabled his agent to commit the fraud. If Fuller was the instrument of Brodie in committing a fraud on the Bank by unlawfully transferring to it the securities of another, whether he concealed this fact or not, the Bank could not take the securities from his hands or hold them in his custody, except with the knowledge he had.

The only authority the Bank could have to hold or sell them was under the contract made by or through Fuller, their cashier. Thus in *Bank of New Milford v. Town of N. M.*, the same person being town treasurer and cashier of the Bank, executed a note to the Bank fraudulently and without authority. It was held that his fraud as treasurer was known to him as cashier; that by that knowledge the Bank was bound, and that there could be no recovery. But whether the Bank would or would not be bound by this knowledge of the cashier, enough is shown previous to the departure of Fuller, to have given notice to its directors that Brodie was dealing with trust funds, and assuming the right to pledge them, and that the United States bonds were such funds. They

thus were bound to ascertain his rights in this regard. They cannot deny a knowledge of the terms of the notes which they discounted, and of the securities pledged for them. Notes were signed by Brodie, as Trustee, in several instances secured by United States bonds, which were discounted before September 13, 1869 (pp. 54, 55, 56), and the note then given was secured by ninety shares of Fitchburg Railroad stock, held as Trustee, as well as \$15,000 United States bonds.

This is the first note, apparently, for which any of the stocks were used as security. Even if we should admit the proposition of defendant, that the mere fact that a Trustee gives as collateral security bonds which have no identification does not notify them to be trust property, yet such is not this case, for the stock was obviously trust property. When a note is signed by one as Trustee, where a portion of the collateral security is clearly marked as trust property, it must be inferred that the rest, consisting of bonds capable of manual delivery, was also such.

It is to be noticed also that previous to retirement of Fuller the other stocks, here sought to be recovered in these suits, had all been transferred to the Bank as collateral security (although it does not appear clearly in connection with which notes they were first used as collateral) and that they all distinctly appeared to be trust property.

In any aspect in which we may be able to view it, the evidence appears to us to show that the Bank had sufficient notice that the bonds as well as stocks were trust funds; that Brodie, as Trustee, was assuming to pledge them, and that it was its duty to ascertain whether he had a right so to do. *Shaw v. Spencer*, 100 Mass. 382; *Hayward v. Cain*, 110 Mass. 274.

Had inquiry been made, and had an examination of the indentures taken place, they would have shown no authority to pledge the bonds or stocks even if Brodie was undertaking thus to benefit the trust. It could not be derived from the authority to sell the property and change the investments which is there found. *Ware v. Goodridge*, 6 Cush.; *Huldenly v. Spafforth*, 1 Beavan; *Page v. Cooper*, 16 id.; *Russell v. Russell*, 36 N. Y.; 2 *Perry on Trusts*, 768, and authorities cited.

The Bank contends that whatever the relation of Fuller to it, and whatever responsibility it might be under had the note taken while he was cashier resulted in the sale of these bonds, such transactions were entirely concluded before Fuller's retirement; that the loans for which the bonds were security made when Chapman was cashier had no relation thereto, that he had no knowledge that the bonds were those of a trust estate, and that it cannot be affected by a knowledge which the Bank had in a former transaction, or with which it might be affected in a former transaction, by that of its then cashier.

Mr. Chapman became cashier February 1, 1873; he testifies (p. 81, *et seq.*) that there was at that time but one note signed by Brodie as Trustee, which was of the date of December 19, 1872, and was secured by six shares of York Manufacturing Company, thirty Essex Manufacturing Company, ninety Fitchburg Railroad stock. According to his statement this note was paid as follows: February 7, 1873, \$1000; March, 1873, \$2000; and the balance September 18, 1873, by a new note of \$12,000 secured by \$12,000 United States bonds. That on October 1, 1873, \$1000 was loaned Brodie and \$1000 United States bond taken as collateral; that

on November 11, 1873, \$2000 was loaned and \$2000 United States bonds taken as collateral, all which notes on November 21, 1873, were combined into one note for \$15,000, and all the bonds held as collateral to it.

This note of 19th December, 1872, is not produced. The note of September 13, 1869, is produced with its indorsements. This note was for \$20,000 and was secured by ninety shares of Fitchburg Railroad and \$15,000 United States bonds; by an indorsement it appears that \$5000 was paid upon this note July 23, 1872. There was, therefore, \$15,000 due on it when Chapman became cashier; its indorsements made in the handwriting of the discount clerk show that the identical payments which Chapman testifies to as having been made on the note of 19th December, 1872, were in fact made upon this note. Those two payments being made the note was reduced to \$12,000, and this must, therefore, have been the sum included in the note of September 18, 1873, and not the balance due on a note of December 19, 1872. It is not shown that any of the bonds by which the note of \$20,000 was secured had been given up, and the inference is inevitable that these bonds came into the hands of Chapman as security for that note upon which a balance of \$15,000, without interest, was due when Chapman became cashier. For the note of September 18, 1873, fifteen thousand United States bonds were left as security, and we deem it proved that the note of September 18, 1873, was for the balance due on the note September 13, 1869, for \$20,000, secured by stock and bonds. The effect of this transaction was simply to leave all the bonds held as collateral to the balance of the note of \$20,000 now liable for the note September 18, 1873. Two subsequent loans were made which were afterwards incorporated with the note of September 18, 1873, and thus made the note of November 21, 1874, but no additional bonds purport to have been delivered to the Bank. That of October 1, 1873, is for the sum of \$2000, and contains the words, "have left as collateral security therefor United States bonds;" that of November 11, 1873, does not purport to be secured by bonds. That these three notes constituted that of 21st November, 1874, is stated by Mr. Chapman (p. 82) and for this the security given is \$15,000 United States bonds.

The same security is, therefore, held for the note of November 21, 1873, that was held for the note of September 18, 1873, and which had previously been held as a part of the collateral for the note of September 13, 1869. It must be inferred that these bonds are the same when the only object of the note of September 18, 1873, was to apply the bonds alone as security to a note which should represent the balance then due on the \$20,000 note of September 13, 1869, and thus release the other security in the way of stocks, and the only apparent object of the note of November 21, 1874, was to include in one note and thus secure by the same collateral the sum represented by the note of September 18, 1873, and the two subsequent loans respectively of \$1000 and \$2000.

Whether there was or was not in the Bank when Mr. Chapman became cashier a note of December 19, 1872, secured by stocks, the transactions as to these bonds were but a continuation of the original transaction of September 13, 1869, as to bonds, and we are satisfied Mr. Chapman is in error when in his testimony he treats the United States bonds as for the first time,



during his conduct of the affairs, as security for the note of September 18, 1873, deposited in the Bank. The evidence which comes from the notes and the indorsements must control his statement and compels us to consider his recollection of the matter at fault.

Such being the case, the contention of the defendant Bank, that if it is held liable it must be on the ground that "at some earlier period of time, while Fuller was cashier, the Bank had taken United States bonds as collateral for loans to Brodie, Trustee, and that Fuller was cognizant at the time that these bonds were the property of the trust, that Fuller's knowledge is the knowledge of the Bank, and that his knowledge will by law affect the Bank in all its future transactions with Brodie, Trustee, in which he pledged bonds of a similar character, although Fuller had ceased to be its Cashier," presents an inquiry that does not here arise—before the facts as we find them, that the Bank received these bonds with the knowledge that they were trust property, and with the knowledge that they were not used for the legitimate purposes of the trust, or rather with the duty of ascertaining whether they were so used. They were never restored to the Trustee, and no new and distinct transaction ever took place. The form of the note was changed as the amount as originally due on it diminished, and other securities were released as the bonds became a sufficient security for the balance due which was expressed by the new note of September 18, 1873, for which when further advances had been made, the note of November 21, 1874, was substituted upon which the bonds were sold. Whatever may be the law as to subsequent and distinct transactions and how far they are to be affected by knowledge acquired in, or duties arising from, previous transactions, is not here important. While the same transaction continues, however its form may change, the knowledge or the duty which existed at the time of its inception is still attached to it. It must be held, therefore, that the Bank knew that the bonds belonged to a trust, and it was a duty that it should inquire whether there was any authority to pledge them, which inquiry would have revealed the misuse made of them by Brodie.

If we accept Mr. Chapman's statement as correct, the result would not be different—according to that (p. 81, *et seq.*) when he came into the Bank there was a note of December 19, 1872, for the sum of \$15,000, secured by the stocks in dispute, all these stocks showed distinctly by the certificates or the transfers that they were the property of these trust estates. Whether Chapman read them or not, the Bank must have imputed to it the knowledge which they bore upon their face. It was known, therefore, that they constituted trust property pledged for a note of the Trustee. When, therefore, these are released and a new note is given on September 18, 1873, by the Trustee, with United States bonds as collateral for the amount then due on the note of December 19, 1872, Chapman and the Bank are fairly put on their inquiry whether the bonds are not trust property also.

This was never made, and we cannot infer that it would have been useless. We are, therefore, of opinion that the Bank is responsible to the plaintiff in the suit upon the trust created by Mrs. Loring in 1865 (known in the argument as that relied upon in the second bill) for the amount for which these bonds were sold by it, together with interest from time of sale, and such interest as it may have received thereon previous to such sale.

The next question concerns the responsibility of the Bank for the shares of stock, part of which belong to each of the trusts which the two bills seek severally to protect or enforce.

The stock belonging to the respective trusts was not kept separately in the certificates by Brodie, but an examination of the indenture (p. 11) under the first trust shows that it included ten shares of Essex Manufacturing Company, ten of Fitchburg Railroad Company, six of York Manufacturing Company, while that of the second trust includes eighty shares Fitchburg Railroad Company, twenty of the Essex Manufacturing Company, the certificate of thirty shares of Essex Manufacturing Company, which was held by "George Brodie, Trustee of the estate of Christian W. R. Loring," which was transferred to Essex Manufacturing Company (p. 39) including the shares belonging to each estate, while the certificates for ninety shares Fitchburg Railroad to George Brodie, Trustee, included the ten shares belonging to the first trust with the eighty shares belonging to the second (p. 36).

We have already stated our reasons for thinking that when Fuller left the Bank there remained the note of September 13, 1869, secured by \$15,000 United States bonds, and ninety shares Fitchburg Railroad. Whether there was also, as stated by Chapman, a note of December, 1872, secured by ninety Fitchburg Railroad Company, thirty Essex Manufacturing Company, six York Manufacturing Company, there is no doubt that the giving of the note for \$12,000 on the 18th September, 1873, for which \$15,000 United States bonds were given as collateral, operated to free all the stocks theretofore held, so that Brodie was entitled to them as collateral. Whether they were actually delivered to Brodie is not, perhaps, important; they either came back to the Bank, or it was allowed to retain them by a reason of a contract, substantially contemporaneous, entered into with Chapman, with the concurrence of the President of the Bank, and described by him substantially as follows (p. 82). Brodie, as Trustee, applied to the Bank for an advance upon cotton to be shipped from Arkansas, and to secure which he proposed to forward to the Bank drafts on the consignee of the cotton as shipped, and to protect the Bank from ultimate loss by reason of the drafts to be made by him in anticipation of shipments offered to pledge as security the shares in question, together with two additional shares of the Essex Manufacturing Company.

He accompanied his proposal by a statement that the cotton to be shipped "was raised on plantations belonging to his trusts; that he had usually sent the cotton to New Orleans, but on inquiry among manufacturers here he found that he could do better for his trust by sending it here." "He proposed to make the drafts and do the whole business in the name of George Brodie & Son." George Brodie & Son "were a banking house at Little Rock, and he could," as he stated, "negotiate his drafts on better terms through a banking house than doing it directly." The account was to be kept on the books of the Merchants' Bank in the name of George Brodie & Son, who were to draw on the Bank as from time to time they might need, but as drafts or acceptances might not be paid, or drafts not accepted, the account might be overdrawn, he proposed to give the Bank as security the York, Essex and Fitchburg stock, "the same as we"—the Bank—"had had before," with two additional shares of Essex stock. Brodie said he had a right to pledge these stocks for a debt of

George Brodie & Son; that the cotton and all the transactions were for the benefit of the trusts, and that the cotton all belonged to the trusts. The proposal made to the cashier was assented to by the President of the Bank, and the transactions commenced.

That there was no plantation or cotton belonging to the trusts is not now in dispute. It was a speculation entered upon by the Trustee in collusion with Brodie & Son, if in truth Brodie & Son are different persons. The overdrafts of Brodie & Son had amounted in November, 1873, in all to \$10,000, and three notes amounting together to that sum, each note secured by ninety shares of Fitchburg Railroad, and six of York Manufacturing Company (p. 86) had been given therefor by George Brodie & Son. On May 1, 1874, the overdrafts had amounted, in addition, to \$12,909 59-100, for which a note was given, "secured by a deposit of shares in York Manufacturing Company, Fitchburg Railroad Company, Essex Manufacturing Company, and United States' bonds." This note was signed by George Brodie & Son. About \$4000 having been paid on these notes on or before November 21, 1874, on that day for the balance due on both, \$18,603, George Brodie, Trustee, gave his note, purporting to be secured by ninety shares Fitchburg Railroad, six shares York Manufacturing Company, thirty-two shares Essex Manufacturing Company, which securities were then in the possession of the Bank. George Brodie, Trustee, had on September 9, 1869, transferred to the Bank ninety shares of Fitchburg Railroad stock, as security for the indebtedness of George Brodie, Trustee, to the Bank. On the 25th November, 1874, the Bank transferred to Brodie, Trustee, these ninety shares, this being done by Brodie as attorney for the Bank. and Brodie, Trustee, then transfers them absolutely to the Bank (p. 41). While certificate of the Essex Company stock to George Brodie as Trustee of C. W. R. Loring had been in the Bank as collateral, as shown by the evidence of the recitals in the notes and the statement of Chapman (pp. 91, 92), the actual transfer to the Bank, which was absolute, was not made until November 24, 1874, and the handwriting of the body is that of Chapman (p. 39). A signature in blank was on the back of it, of Brodie, Trustee (p. 88). This certificate was in the name of Brodie, Trustee of the estate of Christian W. R. Loring. No new assignment was made in connection with the note November 21, 1874, of the stock in the York Manufacturing Company. The certificate of this was in the name of Brodie, as Trustee of the estate of C. W. R. Loring, and it had been assigned to the Bank in some previous transactions as collateral on April 5, 1870 (p. 43).

That at the time when the agreement as to the proposed cotton enterprise commenced, and also when the note of November 21, 1874, for \$18,603, was given, the Bank knew that the stocks in question were trust property, is not disputed. It is equally clear that the estate to which the property belonged was well known. The certificates afforded ample evidence of this. The Bank had full notice that it was dealing with a Trustee, who was pledging trust funds to carry on cotton operations, conducted in the name of another party, whose overdrafts were to be made good by a pledge of trust funds. It made no investigation as to whether the trust was in writing (p. 96), or what the provisions were that permitted a transaction in regard to trust property, which was so unusual that it was calculated to induce careful examination. No inquiry was ever made of any one interested in this estate, nor any of the beneficiaries, some of whom must have been known at

the Bank, as payments were made to them from the cashier (p. 96). The Bank was contented with the simple statement of Brodie, that this cotton came from the trust property, and that he was carrying on all these cotton transactions for the benefit of his trust, and no details of the business were asked or given.

It is said that even if the instrument of trust had been examined, it would not have shown that the plantation from which Brodie pretended that the cotton came was not the property of the trust. The indentures would certainly have shown that no such property as a cotton plantation was embraced in them, and that the only real estate conveyed thereby was in the vicinity of this city. It is also said that, as there was a power to sell and re-invest, a cotton plantation in Alabama might have been bought, and therefore it would not have been known but that there was such property. To this there are two answers: first, that if it should have appeared that there had been such a change in investments as to make the Trustee, as such, the owner of a cotton plantation in a remote State, which could not be conducted but by advances of money, ample evidence would have been afforded that the Trustee was dealing with the funds of the estate in a manner not contemplated by the indenture. A power to manage and improve an estate, and to change investments, cannot be interpreted as authorizing the Trustee to enter into hazardous and speculative enterprises, and in order to do this, to raise money by pledge of other investments.

No authority to embark in business enterprises for the sake of making money for the trust by incurring the hazards of business existed. The word "profits" is used in the indenture in connection with the word "income" in the sentence which authorizes the Trustee to receive them; the same word is also used in the sentence which authorizes the Trustee "to sell, to exchange the whole or any part of said real estate, and the profits to invest in any other real or personal estate," but in each it is used in the sense of "proceeds," and it would be a forced construction which should infer from that so extraordinary a power as that of embarking in such enterprises. No one could have believed who read the instrument of trust that it conferred such authority.

In the second place, had inquiry been fully and fairly made, the fact that there was no cotton plantation would almost necessarily have been developed. No deeds to the Trustee could have been exhibited, and equally it would have been impossible for him to have traced the sale or exchange by which he had become, on behalf of the trust, the owner of such an estate. Notice of the existence of an instrument of trust affects the party purchasing trust property with full notice of its contents whether he chooses to examine it or not. This is conceded. He should be thus affected not only by what appears upon the face of such an instrument in terms, but by the information given by it if such information, when made the subject of fair and reasonable examination, would show the conduct of the Trustee to be such as it did not permit.

The inquiry made of the Trustee was of the most perfunctory character. This proposal, in itself suspicious, was accepted upon an impossible statement, which there was no attempt to investigate, where investigation might have developed its falsity, and where a knowledge of the estate and of some of its beneficiaries afforded the means of a proper investigation. When inquiries are never made,

and the instrument of trust not examined in connection with them, it is not to be assumed that they would or could have been answered by replies which, although false, would have been clear, consistent, and such as would have baffled an intelligent scrutiny. Were we to hold the Bank exonerated from neglect in this matter, and that it had performed its whole duty, it would be to say that trust property might be disposed of by pledge at any time, if the party taking the security had the assurance of the Trustee that he had the right to convey it. The plaintiffs are therefore entitled to the ninety shares Fitchburg Railroad Company, six shares York Manufacturing Company stock, thirty shares Essex Manufacturing Company stock, claimed by decrees which shall oblige the defendant Bank to return to each trust its appropriate portion, together with the dividends received thereon.

The next claim is for the restitution of certain moneys, the proceeds of real estate sold by the Trustee, Brodie, which were received by Fuller, by him paid into the Bank, and by it, as the plaintiffs aver, devoted to the payment of private debts due from the Trustee, and this upon the ground that although Fuller was the agent of Brodie, yet he was at the same time the Cashier of the Bank, and that it is therefore chargeable with notice of the fact known to him, that the funds were trust property. So far as this position relates to the knowledge of the Bank, it appears to us correct. If the act of Fuller was merely to pay the money to the receiving teller, another agent of the Bank, he himself was the general financial agent, in whose custody and under whose general supervision all its funds were kept. His knowledge was not merely such as it was his duty to communicate, and which, therefore, it must be held he did communicate, but it was itself the knowledge of the Bank. The Bank could not receive funds except charged with the knowledge which the Cashier had, and subject to the responsibilities which that involved.

The proofs offered show three several sums thus paid to Fuller, which were by him paid into the Bank, which were trust property, viz.: the proceeds of three estates held under the second indenture, the first paid in by S. B. Allen on August 7, 1871, amounting to \$9,000; the second, the amount received by the discharge of a mortgage on August 17, 1871, for \$3,028; the third, the amount received from the sale of a certain other estate on December 13, 1871, for \$8,048.33.

This being shown, it is of course necessary to be proved that these sums, or a definite portion of them, were devoted to liquidating the private indebtedness which Brodie owed the Bank. To prove this, the plaintiffs do not offer the books of the Bank, but certain accounts rendered by Fuller to Brodie, which he states are the same as the books of the Bank. Their reception was objected to, and so far as establishing a liability of the Bank is concerned, these accounts do not seem to us to have been admissible. In rendering them, Fuller was certainly not acting as cashier of the Bank, but as the agent of Brodie. The books of the Bank were in existence, and should have been produced. There was no occasion for secondary evidence of their contents. These accounts were not used merely to refresh the memory of the witness as to the state of the transactions with the Bank. He had no recollection of these transactions to which he testified. It is not important, however, to pursue this matter, as, even if the accounts rendered by Fuller to Brodie, which he says was a transcript of

the Bank account, he accepted as the Bank account, we are of opinion that the plaintiffs failed to prove thereby what is necessary for their case. There was no account between the Bank and Brodie, except with Brodie, as Trustee.

Upon this account these sums are credited, while a portion of the amounts debited to him are for payments, as shown by the names of the beneficiaries for the purpose of the trust.

It appears thereby that advances were sometimes made to Brodie as Trustee. Such are the demand loans stated in the account, and to the payment of these, the trust funds, such as those derived from the sale of the real estate, were to some extent apparently applied. These loans, as described by Fuller (pp. 65, 66), do not appear upon the Bank books. Memoranda or checks in such case were made, which were held as cash, but no notes were discounted.

These demand loans are, in effect, permissions to the depositor to overdraw, and if the trust funds when paid in are absorbed by these overdrafts, the demand loan is thus paid. We are not prepared to say that permitting a Trustee to overdraw, and then to pay the overdraft by the proceeds of trust property which he has a right to sell, necessarily makes the Bank responsible for the money thus overdrawn, if it be misused by the Trustee. Had the Trustee sold the real estate, which he had authority to do, deposited the proceeds with the Bank, there being no balance against him, had he then drawn out the money and devoted it to his own use, the Bank would certainly not be responsible. It is not shown, in regard to the Bank account, that any advances were made to Brodie, Trustee, under such circumstances that the Bank was fairly put on inquiry whether they were or were not to be used for other purposes than those of the trust, and thus that it should be made responsible for the fraud committed by him on the estate.

In this respects the transaction differs from those as to the bonds and the stocks, which were carried on by means of the pledge of security, no authority to pledge which was given to the Trustee. An authority to pledge securities cannot be inferred from an authority to sell the same and reinvest the proceeds.

The transaction as to the bonds commenced by a proposition on the part of the Trustee for a private loan, which was met by a counter proposition that these bonds should be used as collateral, and which was continued by the pledge of bonds which the Trustee had no right to use for such purpose, and which it must be inferred that the Bank knew, or should have known, he had no right so to use. The transaction as to the stock not only put the Bank upon inquiry as to whether the Trustee had any right to pledge the stocks of the trust under any circumstances, but especially whether he had any right to conduct the business he assumed to carry on thereby, which was never properly made.

Decree for plaintiffs accordingly.

---

NICKELS.—In a recent interview, the Director of the Mint expressed the opinion that not a very large amount of new five-cent pieces will be called for. Of 126,000,000 five-cent pieces coined, he said, more than 100,000,000 were minted prior to 1873. In 1877 the coinage was suspended, there being at that time about 12,000,000 pieces in the Treasury. This supply became exhausted a little more than one year ago, and then coinage was resumed. Last year about 11,000,000 five-cent pieces were coined. Probably 10,000,000 more will be required before the supply again exceeds the demand.

## CURRENT EVENTS AND COMMENTS.

### FAILURES FOR THE FIRST QUARTER OF 1883.

Summing up the trade disasters for the first quarter of 1883, which is complete, except for the last day of March, *Bradstreet's* says the record is a formidable one. The number of failures is 3189. For the first quarters of 1882 and 1881 it was 2146 and 1986 respectively. These figures make the increase over 1881 sixty per cent. and over 1882 forty-nine per cent. The liabilities for the quarter foot up \$42,235,535, against \$29,010,944 for the first quarter last year, making an increase of forty-two per cent. The total of assets is \$23,763,828, while for the same period in 1882 it was \$15,323,591, showing an increase of fifty-five per cent. The percentage of assets for the quarter is larger than that for 1882 from the fact that a few heavy failures present schedules of acknowledged assets equal to, and in one or two instances in excess of, the liabilities. The average liabilities for each failure are \$13,243, against an average of \$13,518 for the corresponding period last year. The average of assets is \$7542, and for the corresponding quarter in 1882 it was \$7141. The ratio of total assets to total liabilities is 56.2 per cent. against a ratio of 52.8 for the first quarter in 1882. The average liabilities of the 429 failing traders in New England were \$9055 and the percentage of assets to liabilities 43.7. In the Middle States 732 traders failed. Their average liabilities were \$20,701, and the percentage of assets to liabilities was 45.8. There were 769 failures in the Southern States, with average liabilities of \$9069, and a percentage of assets to liabilities of 47.9. The failures for the quarter in the Western States were 975, the average liabilities \$15,156, and the percentage of assets to liabilities 76.3. The number of failures in the Pacific States (226) is nearly double that in the first quarter last year, and but thirteen less than for the same time in 1881. The average liability of each failing trader is \$7912, and the percentage of assets to liabilities 45.6. The number of failures reported in the Territories is fifty-eight, or fourteen more than double the number for the first quarter of 1882. The average liabilities are \$11,861 and the percentage of assets to liabilities 67.9. The whole number of failures in New York City in the first quarter of 1883 was 123; in 1882, 100, and in 1881, 100. The liabilities in 1883 were \$4,722,713; in 1882, \$3,014,664, and in 1881, \$3,498,490. The actual assets in 1883 were \$1,841,459; in 1882, \$1,423,936, and in 1881, \$1,073,170. The percentage of assets to liabilities in 1883 were 38.9; in 1882, 47.2, and in 1881, 30.7. The number of failures in Canada and the Provinces for the quarter were 409, the general liabilities \$5,952,692, the actual assets \$2,891,660, and the percentage of assets to liabilities 48.6. By trades the greatest number of failures in the United States was in general stores, 628; in grocers, 506; in dry and fancy goods, 195; in boots and shoes, 163; clothing, cloths, etc., 154; in liquors and saloons, 130. There was one failure in the rubber trade. *Bradstreet's* says that the quarter's record shows to how large an extent an adjustment of prices and enforced liquidation has been going on. Many unwise ventures of the preceding years have been entered in the record of failures since January 1.

• *OUR WEALTH.*

The eminent English statistician, M. G. Mulhall, of the Royal Society of London, has recently prepared estimates showing the wealth of the United States and Great Britain. According to the results obtained by Mr. Mulhall the property of the United States, such as is represented by houses, furniture, manufactures, railways, shipping, bullion, lands, cattle, crops, investments abroad and sundries, is \$42,000,000,000, which with roads, public lands, etc., valued at \$7,700,000,000, gives a grand total of \$49,770,000,000, more than \$9,000,000,000 in excess of the aggregate wealth of Great Britain. The wealth proper of the latter country is estimated to be \$38,948,000,000, and the value of English roads, public lands, etc., \$1,700,000,000, making a grand total of \$40,640,000,000. In the manner of wealth per inhabitant Great Britain is considerably ahead, the average wealth per individual being \$1160 in that country against \$995 in this. The distribution of wealth per inhabitant in houses and furniture, railways, agricultural capital and manufactures in the five great divisions in the United States, is as follows: New England States, \$1188 per inhabitant; Middle States, \$1370; Southern States, \$283; Western States, \$790; Pacific States, \$806.

The wealth proper of the United States increased from \$31,200,000,000 in 1770 to \$42,000,000,000 in 1880, equal to thirty-five per cent. This increase is credited to the different divisions of the Union in the following proportions: forty per cent. to the Western States; thirty-six per cent. to the Middle States, and twenty-four per cent. to the remainder of the country. In the comparison of wealth with population, there is a remarkable diversity. For example, New England, with eight per cent. of the population, has twelve per cent. of the wealth; the Middle States, with twenty-three per cent. of the population, have forty per cent. of the wealth; and the Southern States, with thirty per cent. of the population, have only ten per cent. of the wealth. The Western States have thirty-five per cent. of the wealth, and the Pacific States about four per cent. of each. These calculations are based on the census report of 1880, and are not trustworthy except when applied to the period to which they relate. Since 1880 the United States has advanced rapidly in the matter of wealth.

*FRENCH WORKMEN.*

A French statistician recently made a computation as to the cost of living of the working classes in Alsace. The results arrived at it is said represent a fair average for the whole of France, although the items of expenditure might vary slightly from those in other districts. The estimates were based upon an investigation into the expenses of sixteen families chosen from among different classes of workmen, and their expenditure varied from 1100 francs to 3000 francs, or from \$220 to \$600 per annum. Of the total expenditure, fifteen per cent. was taken up by cost of house accommodation, sixteen per cent. by clothing, and sixty-one per cent. for food, and eight per cent. was reserved for miscellaneous purposes. The highest percentage of expenditure registered for food was seventy-two per cent., of which thirty-three per cent. was for bread. The highest percentage of expenditure for bread was forty-eight per cent. The average expenditure of the sixteen families upon bread was a little more than one-fifth of their total living expenses. It appears from this that the bread bill does not form the chief item of a working-class family's expenditure in France.



"And all this goes on in so-called free-trade England," is the concluding sentence of a communication in the *London News*. The writer says: "Our exports and imports are a great source of trouble to some people—the latter so far exceeding the former: 'we shall all be ruined,' they say. Be that as it may, it is curious to note how, in certain branches of industry, the law provides that our exports shall be upon as limited a scale as possible. Now for example: (a.) Some little time ago the Waltham Watch Manufacturing Company, of Waltham, Mass., (the largest watchmakers in the world), who have an agency in London, took an order for Canada for several hundred silver watches; they had the movements, but they wanted casing. So they applied to the Goldsmiths' Company for permission to get the cases made in London, by an English casemaker, without their being hall-marked. Will it be believed that the request was refused? so the Waltham Company had to send the order on to America. I am told that this refusal loses a large watch-case trade to this country. (b.) A German firm lately proposed to order a quantity of plate to be made in London, after German designs, for sale in Germany. Again, the law forbids the manufacture; if made in England, the plate must be hall-marked, pay duty, and then have drawback of duty upon export to Germany. So the German firm, who, of course, do not want the English hall-mark, proclaiming the locality of its manufacture, withdrew the order."

#### QUICKSILVER

The production of quicksilver is one of the most important industries of the Pacific coast, representing a capital of \$30,000,000, and giving employment to more than 5000 men. Within the last few years, owing to competition with foreign producers, particularly of the Almaden mines in Spain, which are owned and worked by the Spanish Government, and the Idria mine in Austria, worked by the Austrian Government, the price has been reduced to so low a figure that the California quicksilver miners say there is no profit to them in the business. Eight mines only are now being worked in California, as follows: Quicksilver Mining Company, New Almaden, Sulphur Bank, Great Western, Redington, New Idria, Santa Clara Mining Association of Baltimore (the Guadalupe), Napa Con. Mining Company and Oakland.

#### LARGE PURCHASES OF FOREIGN ORE DEPOSITS.

The Bethlehem Iron Company has struck out in a new direction. It has acquired mines, reported to be very great deposits, of pure and uniform specular ore, in the island of Cuba, at a distance of four miles from the coast, and by a line to be run, fifteen miles from Santiago, a good port. The ore is so readily accessible that it can be mined by open-cut work, and can be loaded directly into the cars. Until the railroad has been built to the port in question, the ore will be transferred by lighters at the nearest point on the coast to the vessels. With striking short-sightedness, the Spanish Government promptly proposed to put on an export duty of forty cents per ton; but we understand that this has been abandoned. If the deposits are all that we hear them reported to be, and our information comes from a trustworthy source, then these Cuban mines may be expected to rival the famous Bilbao mines. It is estimated that the ore can be put on board cars at mines at a maximum cost of fifty cents per ton.

—*Eng. and Mining Journal.*

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. NATURE OF CONTRACT OF INDORSEMENT.

A man comes into our Bank with a check for \$100 upon a Bank in a small place in New York. The check is made payable to his order, the party who presents it. He indorses it in blank and we pay him for it, less collection charges, and forward it for collection. When this check is presented to the Bank upon which it is drawn, payment is refused, and it is returned under protest.

Who is the loser, we, or the party we took it of? Have we in law purchased that paper by paying the money for it? Does it make any difference whether the party of whom we received this check indorsed same in *blank*, or made it payable to us, or order? This is almost a daily occurrence, taking small checks and paying for them, not knowing the party who makes the check, but knowing the indorser to be solid.

REPLY.—Nothing is better settled in the law than the nature of the contract of indorsement. It is not merely a transfer of the bill or note, but a fresh contract embodying all the terms of the instrument indorsed. Consequently the indorser engages: 1. That the bill or note will be accepted or paid, as the case may be, according to its purport, conditioned, however, on due presentment or demand and notice; 2, that it is in every respect genuine; 3, that it is the valid instrument it purports to be; 4, that the ostensible parties are competent; and 5, that the indorser has the lawful title to it and the right to indorse it. If any of these engagements, except that first named, are not fulfilled the indorser may be sued for recovery of the original consideration which has failed, or be held liable as a party without proof of demand and notice. The indorser's liability is just the same whether he indorses in blank or specially.

## II. INTEREST AND DAYS OF GRACE.

I inclose form of note upon which I wish to get your opinion:

“ ———, PA., January 1, 1883.

“Sixty days after date, for value received, I promise to pay to A B or order, One Thousand Dollars, with interest, at the Second National Bank of ———, Pa. (Signed) C. D.”

The note is left by A B with the bank for collection. On the sixtieth day after its date C D comes to the bank, and tenders the principal and ten dollars interest for sixty days.

Should the bank deliver the note, receiving the tender, or claim interest for the three days of grace?

REPLY.—It was decided by the Supreme Court of New York, in 1824, that in discounting a note, it was lawful to include the three days of grace in the computation of interest. *Bank of Ulica v. Wager*, 2 Cow. 712. The highest Court in the land long ago decided in a similar way. *Ogden v. Saunders*, 12 Wheat. 213. Daniel's remarks on this point are interesting. He says that days of grace were originally allowed, by way of favor, to the drawee of a foreign bill, to enable him to provide funds for its payment without inconvenience, and were called "days of grace," or "respite days," because they were gratuitous, and dependent on the holder's pleasure, and not to be claimed as a right by the person on whom it was incumbent to pay the bill. By custom, however, they became universally recognized; and although still termed "days of grace," they are now considered, wherever the law merchant prevails, as entering into the constitution of every bill of exchange and negotiable note, both in England and the United States, and form so completely a part of it, that the instrument is not due in fact or in law until the last day of grace. Therefore, a demand of payment on the day before, or after the third day of grace, would not authorize a protest, or charge drawer or indorser. And interest is chargeable on the period of grace allowed, without impeachment as usurious. *Neg. Inst.*, § 614.

### III. DRAFT NOT SIGNED.

A sight draft was handed to a bank in Philadelphia on a party in D, drawn to the order of H, but the drawer's name was not signed. It was indorsed by the party supposed to be the party who ought to have signed it. The draft was sent to X, and indorsed by both the P and X banks.

Must the holder make demand and protest if not paid, or return it for signature?

REPLY.—"The name of the drawer," says Daniel, "is absolutely needful upon the face of the bill; for without it the drawee cannot tell whether he should accept it or not, or any holder known to whom notice should be given. Indeed, it is paradoxical to speak of a bill without a drawer; for the very term imports a negotiable order by some one. And even when such an instrument bears the name of one upon it who signs as acceptor, it is still nothing more than an inchoate paper, which cannot be sued upon unless a drawer's name is authoritatively inserted in it." (§ 92, 3d ed.) The instrument sued on in the case of *Tevis v. Young*, 1 Metc. (Key) 199, was in the form of a bill, but no name was signed as drawer. It was dated Shelbyville, and addressed "To W. G. Rogers, Shelbyville," accepted by Rogers and indorsed "John Tevis." The suit was brought by Young against Tevis as indorser and Rogers as acceptor; but the court held that the instrument was incomplete and the suit could not be maintained. The court remarked that the counsel for the plaintiff failed to recognize "the distinction between a bill of exchange and the mere form of such an instrument. The words written upon the face of the paper in question are utterly inoperative, and without force or legal effect for any purpose as a commercial instrument, without the name of a drawer, either subscribed to the paper, or inserted in the body of it." By this plain exposition of the law it would appear that there is no bill to protest until the drawer's signature has been obtained. The first step to take is to get that.

## IV. PART PAYMENT OF NOTE.

A holds a note against B for \$500, payable on or before one year from date.

Can B compel A to receive and indorse \$100 on this note six months after the date of the note?

REPLY.—It may be worth while to inquire before answering this question, whether such an instrument is negotiable. We think it is. The case of *Mattison v. Marks*, 31 Mich. 421, related to a note payable "on or before" a day named. Judge Cooley, who delivered the opinion of the court, said: "It is payable certainly, and at all events, on a day particularly named; and at that time, and not before, payment might be enforced against the maker. It is impossible to say that this paper makes the payment subject to any contingency, or puts it upon any condition. The legal rights of the holder are clear and certain; the note is due at a time fixed, and it is not due before. True, the maker may pay sooner if he shall choose, but this option, if exercised, would be a payment in advance of the legal liability to pay, and nothing more." It is true that the case of *Hubbard v. Mosely*, 11 Gray, sustains a somewhat different view, but the doctrine as here stated is unquestionably correct.

With respect to the second question; part payment can only be made before maturity by consent of both debtor and creditor. *Ebersole v. Ridding*, 22 Ind. 232.

## V. GRACE ON CHECK.

STILLWATER, ME., March 10, 1883.

THE FIRST NATIONAL BANK.

Payable March 20th.

Pay to John Jones, or bearer, one hundred dollars

Timothy Smith.

Should days of grace be allowed on the above instrument?

REPLY.—We think that grace should be allowed. Daniel remarks that every draft on a bank, which is not payable immediately, possesses all the qualities of a bill of exchange, "and the preponderance of authority sustains this view, whether the instrument be payable on a precise day named or at so many days after date or sight. *Neg. Inst.*, § 1574, 3d ed. In Missouri a case arose on a check addressed to a bank, and directing it to "pay to M. C. Jackson & Co., or order, five hundred dollars, on 22d October." The bank received the instrument for collection: presented it on October 22d, and payment was refused. It was held liable for negligence in not presenting it on the 25th, thus allowing grace. The court said: "This bill is neither payable at sight nor on demand, but on a day certain; and it was therefore entitled to grace, and it was negligence to present it before grace had expired." *Ivory v. Bank of the State*, 36 Mo. 475. This subject was discussed at some length in *BANKER'S MAGAZINE*, vol. 36, p. 631. The question always is, in such cases, is the instrument a check or a bill? If payable at a future day, it is not a check, but a bill, and entitled to grace like any other bill payable in the future. Of course, there are statutory regulations in many of the States which alter the common-law rule relating to the matter.

## BANKING AND FINANCIAL ITEMS.

**CLEARING-HOUSE TABLES.**—Mr. Bailey informs us that the figures in his article on Clearing Houses in this number were obtained by reducing the figures for Cincinnati, Milwaukee, Louisville and Kansas City, one-half from those given in their published statements, as these give the total of both debits and credits, contrary to the practice at other Clearing Houses. Conclusive evidence on this point has recently been derived from the investigations of a prominent St. Louis banker, published in the *St. Louis Globe-Democrat*, though in preparing the foregoing article special inquiries on this very point were addressed to each of these four Clearing Houses without eliciting the desired information. The American Banker's Association might do a useful work in securing a uniform system of making up and publishing the Clearing-house statistics.

**SUBSIDIARY SILVER COINAGE.**—The coinage of subsidiary silver coin since 1853, and amount outstanding December 31, 1882, is as follows: From 1853 to November 30, 1882, coined, \$107,825,297; in the Treasury, \$2,654,454; outstanding, \$81,280,753; since the passage of the Coinage Act of 1873, coined, \$47,808,727; in the Treasury, \$26,544,544; outstanding, \$21,264,183; since the passage of the Resumption Act of 1875, coined, \$42,999,401; in the Treasury, \$26,544,544; outstanding, \$16,454,857; since the passage of the Joint Resolution of 1876, coined, \$17,036,521; in the Treasury, \$26,544,544; outstanding, \$491,977. There is now about 500,000 ounces of silver at the Assay Office, which it is proposed to mint into small coins, mainly ten-cent pieces, of which there is said to be a scarcity and a demand.

**UNITED STATES TREASURY.**—The committee appointed to examine and count the money and securities of the United States Treasury completed its work on the 19th of April. This count, which is the only absolute verification of the condition of the Treasury made since 1872, was required by the retirement of Treasurer Gilfillan, who had not yet been released from his official bond. A discrepancy of three cents only was discovered between the Treasurer's accounts and the cash and securities on hand, and this sum is in excess of the amount stated in the books, and belongs to the Government. If the balance had been on the other side Mr. Gilfillan would have been required to make good the deficit. The committee that made the count was composed of two civilians, J. K. Upton and S. E. Middleton, Washington bankers, and E. B. Duskary, chief of the Public Moneys Division of the Secretary's office. Sixty clerks were first detailed to assist the committee, and the count was begun on the afternoon of the 31st of March. As the count progressed the force was gradually reduced, first to thirty, and at the close only fifteen persons were engaged on the work. Each day the count made by the committee was verified by clerks in the Treasurer's Office, thus insuring absolute accuracy. The figures published below will give an idea of the amount of work performed. In round numbers \$100,000,000 of paper money were counted by the committee, exclusive of bonds and other securities. In the reserve fund alone the committee counted 5,332,000 pieces of paper money. Sixty tons of silver coin and three tons of gold coin were also gone over, though most of the silver was counted by weight. The number of pieces in a bag, containing, say, \$500, would be counted and weighed. Other bags of new coin of the same amount were then placed upon delicate scales, and if the weights corresponded the results would be regarded quite as satisfactory as if each piece had been separately counted. The small silver coins and those which might have lost weight by abrasion were separately counted, as also were all the gold coins. The result of the count was made known as soon as

ascertained and the clerks in the office of Cashier Whelpley were highly delighted. While the officers of the Treasury were morally certain that everything was right, they feared that during the past ten years, when hundreds of millions of dollars were handled, some error might have occurred. The following is the result of the count :

United States notes.....	\$8,601,397 08
National-bank notes.....	13,151 00
Minor coins.....	10,091 82
Gold coins.....	1,710,323 00
Standard silver dollars.....	1,666,079 00
Fractional silver.....	571,885 34
Gold certificates.....	372,290 00
Silver certificates.....	329,590 00
Coupons and interest checks.....	61,522 24
Speaker's certificates.....	132,968 05
Total.....	\$13,469,297 53

The reserve, consisting of United States notes and certificates not yet issued, but under the control of the Treasurer, was found to be as follows :

United States notes.....	\$44,800,218
Silver certificates.....	7,940,000
Gold certificates.....	22,700,000
Total.....	\$75,440,218

There were also found United States bonds held by the Treasurer in trust to secure public deposits with National banks designated United States depositories, \$16,849,000; to secure circulation of National banks, \$357,201,400, and for Indian and other trust funds, \$4,418,716.

**STAMPED CHECKS.**—The Commissioner of Internal Revenue has decided to redeem, after July 1, checks and drafts imprinted with the two-cent revenue stamps when desired. The word "Redeemed" will be stamped upon each check. This will enable banks and bankers to use the stamped checks after their redemption.

**GOLD PRODUCTION.**—The *Financial Chronicle* publishes a statistical article on the production of gold throughout the world, and finds that the average output has been on the decline during the last twenty-five years, the total having been 700 million dollars from 1857 to 1861; 680 millions from 1862 to 1866; 665 millions from 1867 to 1871; 590 millions from 1872 to 1876; and 575 millions from 1877 to 1881, against less than 110 millions in 1882, this country still taking the lead, followed closely by Australia and Russia. In fact, Russia is a very uniform and growing producer on whom the world can rely for thirty millions a year. These figures are commended to the attention of our citizens who think that gold is not sufficient for doing the currency work of the civilized world, and that we must set the example of furnishing a cheaper substitute. These same estimable persons might argue that pure sugar is really too dear for poor people, and that nature has supplied an admirable substitute in glucose, which all the world will be glad to use when we prefer it to the saccharine article.

**THE NEW HUDSON RIVER ROUTE.**—The opening of the New York, West Shore and Buffalo Railway, which will shortly occur, is an event of importance to the commercial and traveling public. The double track between New York City, Albany and Syracuse will be opened for passenger and freight traffic early in the summer. Construction is being pushed with great rapidity, considering the substantial character of the work, and it is expected that the entire line will be opened for business in the fall.

With easy grades, light curves, steel rails, fine equipment and road-bed, it will be possible for the "West Shore Line" to compete successfully for the first-class tourist travel to and from West Point, the Catskills, Albany, Saratoga, Lake George, the Adirondacks, Montreal, and all resorts in the provinces, during the excursion season of the present year.

**GOLD CERTIFICATES IN CHICAGO.**—The Chicago banks are not satisfied as to the gold certificates. The Treasury Department has not only refused to give them a distinctive series, but the Sub-Treasurer at Chicago declines to exchange the certificates of large denominations for smaller ones, notwithstanding Acting-Secretary French has stated that this could be done. No demands for a distinctive series of gold certificates have been made from any other city, and the talk of throwing the certificates out of the Chicago Clearing House has been abandoned. The bankers there now propose to take them at a discount, if gold cannot be had upon them, and the prospect is that some arrangement will ultimately be made by which the large certificates held by the Chicago banks will be broken up, if the bankers desire it. Indeed, the report from Chicago is that the bankers, with practical unanimity, have decided not to use the gold certificates, but to demand gold from New York in their exchange.

**MAINE SAVINGS BANKS.**—An exchange calls in question the wisdom of the action of the recent Legislature in reducing the State tax on Savings banks from one per cent. to three-fourths of one per cent., and alleges that most of the deposits are made, not by workmen and men of small means, but by capitalists. The official statistics, however, show that 76,602 of the depositors in Maine Savings banks had on deposit less than \$500 each, and only 18,887 more than \$500, and not one of these more than \$2000. This would seem to establish the fact that the deposits are mainly the savings of men of small means. This fact undoubtedly had great weight with the Legislature, as the object of Savings banks is to encourage workmen to save. Probably hardly any of the twenty-nine and a-half millions of deposits in Maine Savings banks would have been reached for taxation if it had not been put in Maine Savings banks, where it paid nearly \$300,000 taxes last year, and will pay \$225,000 next year. Another reason which probably induced the Legislature to reduce the tax is the fact that, notwithstanding the economy of the management of our Savings banks, yet last year they paid an average of only four per cent. interest on deposits to depositors, after paying the State tax.

**NORTH CAROLINA.**—North Carolina is now issuing new four-per-cent. bonds for the old issues provided to be exchanged. Although it was provided by the Funding Act of 1879 that the new bonds should draw interest from July, 1880, a waiver of interest from that date to the present is exacted. The Act provides for the funding of the recognized debt of the State into four-per-cent. thirty-year bonds, with interest from July, 1880, and allows forty per cent. of the new issue for bonds of the State issued before May 20, 1861, and now outstanding; twenty-five per cent. for new bonds, and fifteen per cent. for the issues made under the Funding Acts of 1866 and 1868.

**GUARANTEE COMPANY OF NORTH AMERICA.**—The tenth annual report of this Company was presented at the annual meeting of shareholders at Montreal, on February 10th. The number of new applications for bonds during the year, was 11,406 for \$13,675,275. The number issued was 10,648 for \$12,567,175, of which 2774 are issued for transferees of prior bonds, leaving 7874 bonds issued for new business amounting to \$8,879,125. The total business in force is 10,059 bonds, covering \$13,623,100, the annual premiums on which are \$110,512.12. To this being added interest on investments, there is shown a total annual revenue of \$122,878.21.

The total number of bonds issued to date was over 33,000—of which the company returns full records for reference. The total expenditure for expenses and losses paid was \$92,692.83; dividends to stockholders, \$14,378.95. The net assets are \$386,285.58. The reserves held are: Capital paid-up, \$300,000; set aside for premiums on unexpired risks (fifty per cent. of annual premiums on all guarantees in force), \$55,256.06. The additional capital subscribed and subject to call is \$368,000, making total reserves of \$754,885.58.

The Directors announce that in the face of keen competition and the cutting of rates by competitors, this Company has kept steadily on its course, and while adhering to its standard rates, has added largely to the corporations on its list of patrons. The total losses paid by this Company at date of the report amount to over \$180,000. It is the only Company in America which confines itself to this business exclusively.

**MERCHANTS' BANK OF CANADA.**—The presidency of this bank, made vacant by the death of Sir Hugh Allan, has been filled by the election of Mr. Andrew Allan to that office. Mr. Allan has been for many years a director. Mr. John Duncan has now been made a member of the board. The New York office of this bank has been removed to No. 61 Wall street, Messrs. Henry Hague and John B. Harris, jr., being its agents, as heretofore.

**AMERICAN STEEL PENS.**—In the development of American manufactures, one of the most gratifying evidences of our National skill is found in the success attained in the manufacture of steel pens. Some years ago an English-made pen was deemed a necessity by those seeking the best article. Now a single company, the Esterbrook Steel Pen Company, which was established in 1858, turns out, at their works in Camden, N. J., an enormous supply, in variety to suit every kind of writing, and of a quality to suit the most fastidious. These pens have indeed a large sale in England, where they are to be found in all the principal cities.

---

### OBITUARY.

**JOHN PARKER**, cashier of the Phenix National Bank, at No. 45 Wall Street, died at his home at Montrose, N. J., April 1st, after a brief illness. He was at the bank on the Monday before, but left it early because of a severe cold, which quickly became pneumonia, and resulted in his death.

Mr. Parker, who was about sixty-six years old, was born in the island of Curacao, where his father was United States Consul. He was educated at Rutgers College, New Brunswick, N. J., and immediately after his graduation entered the service of the Phenix Bank. This connection lasted more than forty-six years, and for the last twenty years he was its cashier. He was a gentleman of high integrity of character, a conscientious and conservative business man, and his death is deeply regretted.

**JOSEPH ADDISON BEARDSLEY**, who was well known in financial circles in this city, died on March 29th, in the sixty-sixth year of his age, at his residence in Brooklyn. Mr. Beardsley was born in Cherry Valley, N. Y. In early life he entered on a business career, and for twenty-seven years was connected with the Bank of North America, and for fourteen years held the position of cashier. He retired from business a few years ago. Mr. Beardsley had a large acquaintance among financial men and others in this city and Brooklyn. He was fond of scientific and literary pursuits, and in his later years devoted much attention to them.

**JOSEPH UPHAM ORVIS**, of New York City, died on March 30th, at Palatka, Florida, after a brief illness. Mr. Orvis was born in Granville, N. Y., November 3, 1816. Beginning his business life at the age of sixteen, in Vermont, he afterwards went to Troy, N. Y., where he entered the dry-goods house of Lockwood & Co., subsequently became a partner in the house, under the firm name of Lockwood & Orvis, and his connection with this firm lasted twenty-three years. He was active in establishing the Mutual Bank of Troy, becoming its vice-president, and was also vice-president of the Troy Savings Bank. In 1854 Mr. Orvis came to this city, and engaged in mercantile business. He took a prominent part in the organization of the Park Bank, of which he was one of the original directors, and remained in its board for some time. In 1864 he projected and organized the Ninth National Bank, of New York, of which he was president from 1864 to 1867. Mr. Orvis' business energy and tact were conspicuously evinced during the issue of the 7-30 loan, of which he placed a large portion. After retiring from the Ninth National Bank, he was for a time actively engaged in the insurance business. In 1870, with his two sons, Mr. Orvis established the private banking house of Joseph U. Orvis & Co. His business ability, integrity and genial urbanity had won for him a large circle of friends, and the respect of all who were brought into contact with him.



# NATIONAL BANKS OF THE UNITED STATES.

March, 1883.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks in the United States at the close of business on Tuesday, the 13th day of March, 1883, and also on March 11, 1882, and March 11, 1881.

RESOURCES.	1883. March 11. 2,343 banks.	1882. March 11. 2,187 banks.	1881. March 11. 2,094 banks.
Loans and discounts.....	\$ 1,244,324,118.	\$ 1,182,661,609.	\$ 1,073,786,749
Overdrafts.....	4,790,761.		
U. S. bonds to secure circulation	354,746,500.	367,333,700.	339,811,950
U. S. bonds to secure deposits...	16,799,000.	16,093,000.	14,851,500
U. S. bonds on hand.....	17,850,100.	28,523,450.	46,626,150
Other stocks, bonds & mortgages	68,428,686.	64,430,686.	49,545,155
Due from approved reserve agents	121,024,155.	117,452,719.	120,820,691
Due from other National banks.	67,263,504.	68,301,645.	62,295,517
Due from State banks & bankers	16,993,342.	15,921,432.	17,032,261
Real estate, furniture & fixtures.	47,063,306.	47,073,247.	47,525,790
Current expenses and taxes paid	8,949,615.	8,494,036.	7,810,930
Premiums paid.....	7,420,940.	3,762,382.	3,530,516
Checks and other cash items...	11,360,731.	13,308,120.	10,144,683
Exchanges for Clearing House..	107,790,065.	162,088,078.	147,761,544
Bills of other National banks...	19,739,526.	19,440,089.	17,733,032
Fractional currency.....	431,931.	389,508.	386,569
Specie, viz.:			
Gold coin. ....	\$ 46,543,644		
Gold Treas. cert's. 15,340,440			
Gold C. H. cert's. 27,239 000			
Silver coin.....	6,910,472		
Silver Treas. cert's 1,928,810			
	97,962,366.	109,984,111.	105,156,195
Legal tender notes.....	60,848,068.	56,633,572.	52,156,439
U. S. certif. of dep. legal tenders	8,405,000.	9,445,000.	6,120,000
Five-per-cent. Redemption fund.	15,598,500 }		
Due from U. S. Treasurer.....	1,127,951 }	17,720,701.	17,015,269
Total.....	\$ 2,298,918,165.	\$ 2,309,057,088.	\$ 2,140,110,944

## LIABILITIES.

Capital stock paid in.....	\$ 490,456,932.	\$ 469,390,232.	\$ 458,254,935
Surplus fund.....	136,922,884.	130,924,139.	122,470,996
Other undivided profits.....	59,340,914.	60,475,765.	54,072,225
National-bank notes outstanding	312,778,053.	323,651,577.	298,590,802
State-bank notes outstanding..	205,371.	241,527.	252,765
Dividends unpaid.....	1,390,501.	1,418,119.	1,402,118
Individual deposits.....	1,004,111,401.	1,036,595,098.	933,392,430
United States deposits.....	9,613,873.	8,853,242.	7,381,149
Deposits of U. S. disburs. officers	3,787,225.	3,372,364.	3,839,324
Due to other National banks..	191,296,859.	187,433,825.	181,677,285
Due to State banks and bankers	80,251,968.	78,359,675.	71,579,477
Notes and bills rediscounted..	5,101,459.	3,912,992.	2,616,203
Bills payable.....	3,660,725.	4,428,531.	4,581,231
Total.....	\$ 2,298,918,165.	\$ 2,309,057,088.	\$ 2,140,110,944

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from April No., page 803.)*

No.	Name and Place.	President and Cashier.	Capital.
2910	Commercial National Bank..... Waterloo, IOWA.	John D. Platt, Frank L. Gilbert.	\$ 50,000
2911	First National Bank..... Chamberlain, DAKOTA.	David H. Henry, Patrick Henry.	50,000
2912	First National Bank..... Washington, KANSAS.	J. G. Lowe, F. H. Head.	50,000
2913	Atlantic National Bank..... Providence, R. I.	Caleb G. Burrows, Henry S. Mansfield.	225,000
2914	First National Bank..... Stanton, MICH.	Henry H. Hinds, A. D. F. Gardner.	50,000
2915	First National Bank..... Urbana, ILL.	Charles L. Burpee, P. Richards.	50,000
2916	Lake Shore National Bank..... Dunkirk, N. Y.	Truman R. Colman, William T. Colman.	105,000
2917	National Bank of..... Hustonville, KY.	J. P. Riffe, J. W. Hocker.	50,000
2918	Vineland National Bank..... Vineland, N. J.	Benjamin D. Maxham, .....	50,000
2919	Third National Bank..... Sedalia, MO.	Albert Parker, Reuben H. Moses.	100,000
2920	Merchants' National Bank..... Amsterdam, N. Y.	John N. Visscher, William J. Taylor.	100,000
2921	National Bank of..... Ashland, NEB.	John R. Clark, Samuel Waugh.	50,000
2922	Cincinnati National Bank..... Cincinnati, OHIO.	Joseph F. Larkin, Edgar Stark.	500,000
2923	Swedesboro National Bank..... Swedesboro, N. J.	Isaac H. Vanneman, John C. Rulon.	53,000
2924	Tacoma National Bank..... New Tacoma, WASHINGTON.	John W. Sprague, Isaac W. Anderson.	50,000
2925	Citizens' National Bank..... Whitewater, WIS.	John S. Partridge, Edgar M. Johnson.	50,000
2926	First National Bank..... Paxton, ILL.	Sherril P. Bushnell, John B. Shaw.	50,000
2927	First National Bank..... Georgetown, KY.	H. P. Montgomery, N. Spears.	50,000
2928	First National Bank..... Albany, OREGON.	John Conner, Henry F. Merrill.	50,000
2929	Amesbury National Bank..... Amesbury, MASS.	Alex. M. Huntington, F. F. Morrill.	100,000
2930	First National Bank..... Silverton, COL.	M. D. Thatcher, John H. Werkheiser.	50,000
2931	Planters' National Bank..... Henderson, KY.	Montgomery Merritt, David Banks, Jr.	60,000
2932	Xenia National Bank..... Xenia, OHIO.	Andrew H. Baughman, John W. Nichols.	120,000
2933	First National Bank..... Morris, MINN.	Robert C. Moore, Frederick B. Kenner.	50,000

BANK STATIONERY.—The long-established business of Messrs. Sears & Cole, No. 1 William Street, New York, for several years past practically conducted by Mr. Eugene R. Cole, is now under his sole ownership. With facilities ample for the prompt fulfilment of all orders, their experience and fair dealing are guarantees of satisfaction to their customers.

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 800.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY, Nat'l Butch. & Drov. B'k..	E. G. Tucker, <i>A. O.</i> .....	.....
CONN... City Savings Bank, Bridgeport.	William B. Hincks, <i>Tr.</i> ...	S. B. Middlebrook.*
" .. National Bank of Norwalk....	H. P. Price, <i>Cas.</i> .....	R. B. Craufurd.
DAKOTA First National Bank, Mandan. {	James Bellows, <i>Pr.</i> .....	C. F. Haupt.
" .. First National Bank, Olney....	C. E. Haupt, <i>V. P.</i> .....	J. Bellows.
ILL.... First National Bank, Olney....	R. N. Stotler, <i>Cas.</i> .....	R. R. Byers.
IND.... Central National Bank	Rob't Z. Lockridge, <i>V. P.</i> .....	.....
" .. Greencastle. {	A. L. Lockridge, <i>A. C.</i> .....	.....
" .. First Nat'l B'k, Kendallville..	Henry C. Bower, <i>Cas.</i> ....	J. G. Waltman.
IOWA... Knoxville National Bank.....	Henry L. Bousquet, <i>Cas.</i> A. J. Briggs.	.....
" .. First National Bank, Marion...	Louisa B. Stephens, <i>Pr.</i> ...	R. D. Stephens.*
" .. Farmers & Traders' National	L. C. Blanchard, <i>V. P.</i> ...	.....
" .. Bank Oskaloosa. {	H. P. Schulte, <i>Act'g Cas.</i> H. L. Bousquet.	.....
" .. Pella National Bank, Pella....	W. W. Sanders, <i>Cas.</i> ....	W. H. Holsinger.
KANSAS. Chase County Nat'l B'k,	Cottonwood Falls. {	W. W. Sanders, <i>Cas.</i> ....
W. W. Sanders, <i>Cas.</i> ....	W. H. Holsinger.	.....
KY.... Farmers' Bank, Georgetown...	S. S. Wells, <i>Cas.</i> .....	N. Spears.
MASS... Lechmere National Bank,	East Cambridge. {	George A. Lloyd, <i>Cas.</i> ... T. H. Hudson.
" .. Hudson National Bank.....	Caleb L. Brigham, <i>Cas.</i> ...	G. A. Lloyd.
" .. Home National Bank, Milford.	George W. Johnson, <i>Pr.</i> ...	S. Walker.
MICH... Grand Rapids National Bank..	Wm. Widdicombe, <i>Cas.</i> ...	T. C. Sherwood.
MINN... First National B'k, Glencoe.. {	J. A. Latta, <i>V. P.</i> .....	.....
" .. First National Bank, Mankato.	M. Thoeny, <i>Cas.</i> .....	E. B. Lincoln.
" .. City Bank, " {	George H. Clark, <i>Cas.</i> ....	H. C. Akers.
" .. Merchants' Bank, Moorhead. {	George T. Barr, <i>Cas.</i> ....	G. H. Clark.
" .. Thomas C. Kurtz, <i>V. P.</i> .....	Edw. E. Moore, <i>Cas.</i> ....	T. C. Kurtz.
MO.... Saxton Nat'l B'k, St. Joseph...	J. W. McAlister, <i>Cas.</i> ....	.....
NEB... National Bank of Ashland....	O. M. Carter, <i>V. P.</i> .....	.....
N. H.... Nat'l Granite State B'k, Exeter.	Charles A. Merrill, <i>Pr.</i> ...	B. L. Merrill.
N. J.... Mechanics' Nat'l B'k, Trenton.	William W. Stelle, <i>Cas.</i> ...	J. H. Clark.
N. Y.... Nat'l Bank and Loan Co.,	Watertown. {	G. C. Sherman, <i>Act'g Cas.</i> C. A. Sherman.*
N. C.... Citizens' Nat'l B'k, Raleigh....	Joseph G. Brown, <i>Cas.</i> ...	P. A. Wiley.
OHIO... City National Bank, Canton...	Henry A. Wise, <i>Cas.</i> ....	H. C. Ellison.
" .. Lima National Bank.....	B. C. Faurot, <i>Pr.</i> .....	S. W. Moore.
" .. Moss National Bank, {	S. W. Moore, <i>V. P.</i> .....	.....
" .. Sandusky. {	J. O. Moss, <i>V. P.</i> .....	.....
" .. First Nat'l B'k, ( <i>in liq.</i> ) Xenia.	Horace O. Moss, <i>Cas.</i> ....	C. H. Moss.
" .. Charles H. Moss, <i>A. C.</i> .....	J. C. McMillan, <i>Pr.</i> .....	A. H. Baughman.
OREGON B'k British North America,	Portland. {	H. M. J. McMichael, <i>Agt.</i> .....
PENN... Nat'l B'k of Chester Valley,	Coatesville. {	J. W. Thompson, <i>Cas.</i> ... F. F. Davis.*
" .. First Nat'l B'k, Huntingdon...	S. B. Shumaker, <i>Cas.</i> ....	J. S. Africa.
" .. Nat'l B'k of Beaver County,	New Brighton. {	Chas. M. Merrick, <i>Cas.</i> ... E. Hoops.
VT.... Battenkill National Bank,	Manchester. {	William A. Black, <i>Cas.</i> ... W. P. Black.
QUEBEC Merch. Bank of Canada,	Montreal. {	Andrew Allan, <i>Pr.</i> ..... H. Allan.*

\*Deceased.

## NEW BANKS, BANKERS, AND SAVINGS BANKS.

*(Monthly List, continued from April No., page 802.)*

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
DAKOTA	Columbia.....	Farmers & Merchants' B'k.	First National Bank, <i>Chicago.</i>
"	.. Madison.....	Bank of Madison.....	First National Bank, <i>Chicago.</i>
"	.. Ree Heights...	George W. Clayton.....	First National Bank, <i>Chicago.</i>
IDAHO..	Termin. Oregon Short-Line R.R.	{ Seabee, Holt & Kiesel..	Donnell, Lawson & Simpson.
ILL....	Paxton .....	First National Bank.....	Imp. & Tra. National Bank.
"	\$ 50,000	Sherrill P. Bushnell, <i>Pr.</i>	John B. Shaw, <i>Cas.</i>
"	.. Tonica .....	Burgess, Flint & Co.....	First National Bank, <i>Chicago.</i>
IOWA...	Sanborn.....	Sanborn State Bank.....	First National Bank.
		C. D. Ellis, <i>Pr.</i>	George B. Davids, <i>Cas.</i>
KANSAS.	Washington....	First National Bank.....	Continental National Bank.
	\$ 50,000	Joseph G. Lowe, <i>Pr.</i>	Frank H. Head, <i>Cas.</i>
KY....	Georgetown....	First National Bank.....	.....
"	\$ 50,000	H. P. Montgomery, <i>Pr.</i>	Noah Spears, <i>Cas.</i>
"	.. Henderson....	Planters' National Bank..	Hanover National Bank.
"	\$ 60,000	Montgomery Merritt, <i>Pr.</i>	David Banks, Jr., <i>Cas.</i>
"	.. Hustonville....	Nat'l Bank of Hustonville.	.....
	\$ 50,000	J. P. Riffe, <i>Pr.</i>	J. W. Hocker, <i>Cas.</i>
MASS...	Amesbury.....	Amesbury National Bank.	.....
	\$ 100,000	Alex. M. Huntington, <i>Pr.</i>	F. F. Morrill, <i>Cas.</i>
MICH...	Ann Arbor....	Farmers and Mechanics' Bank.	.....
MO....	Burlingt'n Junc.	Northwestern Bank of Mo.	Fourth National Bank.
"		William H. Davis, <i>Pr.</i>	J. M. Martin, <i>Cas.</i>
"	.. Kahoka.....	Kahoka Savings Bank....	W. H. Bishop, <i>Cas.</i>
"	.. Sedalia .....	Third National Bank.....	.....
"	\$ 100,000	Albert Parker, <i>Pr.</i>	Reuben H. Moses, <i>Cas.</i>
"	.. Waverly.....	Middleton Bank.....	First National Bank, <i>Chicago.</i>
"	.. West Plains...	West Plains Bank.....	.....
	\$ 15,000	H. T. Smith, <i>Pr.</i>	Joseph L. Thomas, <i>Cas.</i>
MONT ..	Glendive.....	Merchants' Bank.....	First National Bank, <i>Chicago.</i>
"	.. Livingston....	Bank of Livingston.....	Donnell, Lawson & Simpson.
NEB....	Fullerton.....	Citizens' Bank.....	Kountze Brothers.
N. J....	Swedesboro ...	Swedesboro' Nat'l Bank..	Corn Exch. Nat'l B'k, <i>Phila.</i>
"	\$ 53,000	Isaac H. Vanneman, <i>Pr.</i>	John C. Rulon, <i>Cas.</i>
"	.. Vineland .....	Vineland National Bank..	.....
	\$ 50,000	Benj. D. Maxham, <i>Pr.</i>	.....
N. MEX.	Deming .....	Commercial Bank.....	Kountze Brothers.
"	" .....	Zollars, Raff & Co.....	Kountze Brothers.
N. Y....	Amsterdam ..	Merchants' National Bank.	.....
"	\$ 100,000	John N. Visscher, <i>Pr.</i>	William J. Taylor, <i>Cas.</i>
"	.. Victor.....	Parmelee, Hamlin & Co.	.....
OHIO...	Cincinnati....	Cincinnati National Bank.	United States Nat'l B'k.
"	\$ 500,000	Joseph F. Larkin, <i>Pr.</i>	Edgar Stark, <i>Cas.</i>
"	.. Canal Fulton ..	Fulton Bank (J. M. Berg hold).	Kountze Brothers.
WASH'N	New Tacoma ..	Tacoma National Bank..	.....
	\$ 50,000	John W. Sprague, <i>Pr.</i>	Isaac W. Anderson, <i>Cas.</i>
WIS....	Whitewater....	Citizens' National Bank..	.....
	\$ 50,000	John S. Partridge, <i>Pr.</i>	Edgar M. Johnson, <i>Cas.</i>
WYOM..	Buffalo .....	Stebbins, Conrad & Co...	Donnell, Lawson & Simpson.
QUEBEC	Sherbrooke ...	Merchants' B'k of Canada.	Bank of New York N. B. A.

## CHANGES, DISSOLUTIONS, ETC.

*(Monthly List, continued from April No., page 801.)*

NEW YORK CITY.....	Merchants' National Bank; removed to 26 Exchange Place.
" " " .....	United States National Bank; surplus, \$150,000.
" " " .....	Farmers' Loan and Trust Co.; removed to its new building, 22 William Street.
" " " .....	Merchants' Bank of Canada; removed to 61 Wall Street.
" " " .....	George L. Brown & Son; dissolved.
" " " .....	Knauth, Nachod & Kühne, removed to 5 and 7 South William Street.
" " " .....	Soutter & Co.; admit Franklin Edwards. T. H. Porter becomes special partner.
" " " .....	I. & S. Wormser; Gustave Leske, deceased.
CAL.....	Forest City .... Charles Heintzen; now Heintzen & Miller.
COL.....	Fort Collins ... A. K. & E. B. Yount; failed.
" ..	Nathrop..... Bank of the Arkansas Valley (W. T. Carpenter); removed to Grand Junction as the Mesa County Bank.
" ..	Silverton..... San Juan County Bank; now First National Bank. Same officers.
DAKOTA	Chamberlain... Bank of Chamberlain; now First National Bank. Same management. \$50,000.
ILL.....	Chicago..... Chicago National Bank; surplus, March 13th, \$30,000. Profits, \$5,725.
" ..	El Paso..... P. H. Tompkins; assigned.
" ..	Paxton..... George Wright; succeeded by First National Bank.
" ..	Princeton..... First National Bank; surplus, \$45,000. Profits, \$6,000.
" ..	Urbana..... Burpee, Curtiss & Richards; now First National Bank. Same management. \$50,000.
" ..	Vandalia ..... National Bank of Vandalia; voluntary liquidation, Jan. 11.
IND ....	Evansville..... First National Bank; capital, \$500,000. Surplus, \$250,000.
IOWA...	Burlington..... First National Bank; charter extended to February 1, 1903.
" ..	Sioux City..... Sioux National Bank; capital to be increased to \$500,000.
" ..	Waterloo..... Commercial Bank; now Commercial National Bank. Same officers and capital.
KAN....	Washington... Washington County Bank; succeeded by First National Bank.
MAINE..	Bangor..... Prentiss M. Blake; now Blake, Barrows & Brown.
" ..	West Waterville Name changed to Oakland.
MICH...	Grand Rapids.. Grand Rapids National Bank; surplus and profits, March 13th, \$68,950.
" ..	Stanton..... A. D. F. Gardner & Co.; now First National Bank. Same management. \$50,000.
MINN...	Mankato..... Lewis & Shaubut; now Lewis, Shaubut & Barr.
" ..	Moorhead..... Merchants' Bank; capital increased, March 15, to \$100,000. Surplus, \$20,000. Undivided profits, \$3,163.
" ..	Morris..... Bank of Morris; now First National Bank. Same management. \$50,000.
" ..	Worthington... Bank of Worthington (T. H. Parsons); now George D. Dayton. Kountze Brothers, N. Y. Correspondent.
MO.....	Rockport..... Rankin, Stevenson & Co.; dissolved.
NEB....	Ashland..... Bank of Ashland; now National Bank of Ashland. Same management. \$50,000.
" ..	Carleton ..... H. B. Hamilton; succeeded by Albert Saylor.
" ..	Fairfield..... Anthony & Newcomb; now W. T. Newcomb.
" ..	Grand Island... Grand Island Banking Co.; surplus and profits, \$15,000.
" ..	Milford..... F. S. Johnson & Co.; consolidated with Milford State Bank.

N. Y....	Dunkirk.....	Lake Shore Banking Co.; now Lake Shore National Bank. Same management. \$ 105,000.
" ..	Gouverneur....	Bank of Gouverneur; paid capital, March 31, \$80,000. Surplus, \$12,878. Undivided profits, \$4,163.
" ..	Marion .....	A. B. Short; assigned.
OHIO....	Napoleon .....	E. S. Blair & Co; succeeded by Heller & Saur.
" ..	Oxford .....	Citizens' Bank; voluntary liquidation, April 4.
" ..	Toledo .....	C. H. Coy & Co.; suspended.
" ..	Xenia.....	First National Bank; succeeded by Xenia National Bank. Same management and capital.
ORE....	Albany .....	John Conner; succeeded by First National Bank. Same management. \$50,000.
PENN...	Philadelphia....	Columbian Loan Assoc. and Sav. Fund; now Columbian Bank, 433 Chestnut Street. Same officers.
" ..	Lansford.....	Miners' Savings Bank of Summit Hill; suspended.
R. I....	Providence ....	Atlantic Bank; now Atlantic National Bank. Same management. \$225,000.

### NATIONAL-BANK CIRCULATION.

The following letter, written by Mr. Knox, the Comptroller of the Currency, is in reply to an inquiry as to the probability of a diminution of the National-bank circulation during the year :

Since the passage of the act of March 3, relieving the banks from tax on capital, National banks may deposit lawful money and take up their bonds in amounts not greater than \$3,000,000 per month. The prohibition of \$3,000,000 a month does not, however, apply to deposits made for the purpose of withdrawing called bonds.

Section 6 of the act of July 18, 1882, contemplates the redemption of bonds whose corporate existence has been extended, and requires such banks at the end of three years from the date of the extension to deposit lawful money for the purpose of redeeming the remainder of their circulation. Such notes may be replaced with notes of new designs, or bonds may be withdrawn not below the minimum amount provided by law. There were \$54,000,000 of three-and-a-half-per-cent. bonds outstanding on March 1, 1883, of which the National banks hold only about \$14,000,000, and there are outstanding \$297,000,000 of threes, of which the banks hold \$198,000,000, much the greater part. I should estimate that nearly three quarters of the three-per-cent. bonds held by the banks are among the first bonds issued. The payment of bonds during the next year will not, therefore, affect the securities held by National banks to a great extent.

On page twenty of my last report you will find a statement, showing the amount of bank circulation outstanding by geographical divisions. Fully two-thirds, and probably four-fifths, of the circulation, now outstanding, is held by National banks located where the rate of interest does not exceed seven per cent. The value of circulation to those banks is about one per cent., and the four and four-and-a-half-per-cent. bonds are held largely by banks whose surplus is large, and whose means are abundant. One per cent. profit is sufficient inducement for these banks to continue to hold the high-priced bonds, and to replace such small amounts as may be called with others. A large number of new banks are being continually organized, sufficient, I think, to keep the circulation, in the aggregate, about equal to the present amount. I do not, therefore, think there will be any great reduction of National-bank circulation during the present year.

**TAXATION OF DEER PARKS.**—The immunity of deer parks from taxation is under discussion in England. The number of these parks is greater than is commonly supposed. There are 334 deer parks south of the Tweed. The largest is said to be at the Cheshire seat of Lord Egerton, and contains 2,500 acres. Blenheim Park is larger, but less than half of it is occupied by deer. The oldest park is Eridge, in Sussex.

## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

At the close of our last review and that of the month of March, the financial, or rather the monetary clouds, were breaking away and the business skies were clearing.

There was a slight stringency in the money market during the first days of April, but it ceased to have any effect on trade or speculation after the early April disbursements had time to reach their level. Other and natural causes resumed their sway again, and business its usual channels. But, as we indicated in our last, easy money brought no improvement to either trade or speculation. Especially was this true of stocks, which had gone up on tight money, and came down on the easing up of the stringency, since when they have dragged along in a worse rut than before. Indeed, there does not seem to be anything powerful enough, even in the hands of the great financial alchemists of the Street, to galvanize the stock market into life. We doubt even if natural causes will be able to do it; at least anything short of turning the rogues out of the management of the properties represented by these stocks. The next crops are now waited for anxiously to do this, and if abundant, are expected to have that result. They may, but we doubt it. The railroad-stock market of New York seems to have passed into the same state of permanent collapse as did the mining-stock market of San Francisco after the great "Bonanza Kings" had made it their "dumping ground." The public, who invested in them, did not receive even the "tailings" of the mines, which were "worked" and robbed by these men, while they were unloading the worthless chromos which represented them upon the public.

If these "railroad kings" are doing anything different with the properties they control we fail to see it. Through their construction companies they overstock and capitalize them, when they are built, so heavily as to forever handicap them for properties paying safe dividends out of legitimate traffic, even if honestly managed for the stockholders. Then they contract out the cream of their freight business to fast-freight lines, and of their passenger traffic to palace-car companies, until the poor fleeced stockholder has at last given up the hopeless game of "heads I win, tails you lose," and left Wall Street, with no present prospect of ever returning.

As to the commercial situation, there is no more improvement to note for the month than in financial affairs. Yet there is no such unsoundness in the former as in the latter. If we bar speculation and over-production, the former in wheat and provisions and the latter in iron and woolen goods, it may be safely said that trade is in as healthy a condition as possible with those unsound conditions existing.

Of course trade is slow, and times are not good when the manufacturing interests are depressed as they are with over-production, which causes strikes in the iron trade, and consequent similar conditions in the allied coal trade.

In these respects the past month has developed the inherent unsoundness in these industries more fully than before, and woolen manufacturers seem likely to follow suit, as the big stocks in New York and at the mills are not going off this spring, and the season is now well over till fall trade opens. Nothing this side of next fall seems possible to help any of these three trades, and the strikes of the past month, which have assumed more serious and general aspects than before, are likely to extend still further this summer. Good crops next fall will help these industries, by making money for the producers and railroads, with which to buy and pay for this surplus of manufactured goods.

As to the crops, the prospects, so far as developed, are favorable to a full average, for while the season is backward, the acreage in crops of all kinds will be materially increased, unless it may be that of cotton, since the good yield and prices of all other crops for 1882 have stimulated the farmers to increased production this season. Even in the South the demand for mules and fertilizers is said to have exceeded any previous spring, which would indicate increased cotton culture, although the believers in present prices of cotton claim the acreage will be less than a year ago, on account of the low prices for last crop.

On these crop prospects the produce markets have turned the past month. During early April the fine, warmer, showery weather, over the greater portion of the winter-wheat belt gave the wheat market a sharp decline, which continued till about the middle of the month, and with which the other grain market, except oats, sympathized, the latter being held comparatively steady by a short interest which was scared into settling. At this decline in wheat the shippers came in and would have taken quite freely both for the United Kingdom and Continent of Europe, but the scarcity and firm rates of ocean freight prevented them from increasing their purchases materially. The fact that Europe stood ready to take our wheat at the decline turned the downward movement, after which some large Chicago operators, who had bought from eight to ten millions of wheat on and at the decline, put the market up sharply upon a large short interest; and, by the aid of bad crop reports assiduously circulated, scared it to "cover," and finally created a bull market on the belief in these reports. From these causes the market advanced from the bottom twelve to thirteen cents in Chicago, eight to ten cents in New York. During the last half of April, therefore, wheat has been active and excited, with other grain neglected, and not sympathizing materially with wheat until the latter had gained most of the advance, when a moderate short interest was scared to "cover," since when both corn and oats have been neglected and weak inherently, being steady only with wheat, which at close seems to be wholly a manipulated cliqued market held up ostensibly by estimates of a two-third to three-fourth crop, put out by the bulls to help them hold the market. Corn is weak through fear of its heating when warm weather strikes a large visible supply, while oats are weak on a larger interior movement than had been expected. Provisions have been marked up as the merchant marked up his goods



when he could not sell them, in order to show profits on his business. This process brought in a few shorts to "cover" on threats of "deals," both in pork and lard, but the trade left these markets some months ago as a rule, and went into grain, as they do not care to play against loaded dice and against the packers, who are now adulterating lard as well as butter so fearfully that there is no safety to any one trading in them. Big men, however, hold the stocks, with which they got loaded some months ago on a mistaken estimate of the supply of hogs in the country, and as nobody will buy their stuff, either for home use or export, they are compelled to hold it or meet a much lower market and a heavy loss, in the hope of shifting the load and the loss on to the shoulders of others. Nothing but heavy selling short, or short crops this year, can save these cliques a heavy loss on the whole provision list and on wheat; while corn and oats, though not now cliqued, will sympathize.

The other produce markets, cotton and dairy products, are "between hay and grass," or new and old crops, with the season too early for "weather market" on cotton, and too much stock in the country to bull it as yet, though cheap. But accidents, later on, to the new crop, indicating a smaller crop than in 1882, of 7,000,000 bales, would bull the balance of this crop.

The supply of butter and cheese is too small to make a settled market, but both have ruled steady, on the old-crop basis, while this trade, or rather the exchange where it is conducted, have had no sensation this month, except a corner in eggs at its close.

Petroleum has had another drop on large developments of new territory in Forest County, Pa., where a number of good wells have come in during April, and more are due in May, while Europe has declined on refined oil, and exports are not large. These new operations are a check to any advance, and are hanging over the market to help any decline whenever it suits the great monopoly to let down prices.

The general business of the country, therefore, for April, has shown no improvement on easy money, favorable crop prospects, and fair exports of wheat, corn, and cotton. Foreign exchange has been dull and without influence on prices, while our exports still run but slightly ahead of our imports, and the dream of large gold shipments to us from Europe is still mostly a dream.

Our domestic trade has shown a falling off for April compared with a year ago, not only in a continued decrease of twenty-five per cent. in exchanges in New York, but almost half as much in the other commercial centers as compared with April, 1882. This is discouraging, as up to April most other points showed a gain. Railroad earnings have shown an increase compared with a year ago, as a matter of course on big crops against small ones last year. But April is far behind March this year, and with the opening of lake and canal navigation in May, they will fall off rather than increase till next crop. Trunk-line shipments from Chicago for the month show this tendency, having been less than half those of March.

Business failures are still too frequent to show sound trade, though largely due to last year's losses. They are, for the first three months of

1883, fifty per cent. more than in 1882. The Treasury movements have been of little importance this month, either in volume or character, as the money market has not been a commercial factor of importance.

Our immigration for nine months, ending March 31, was 339,214. against 440,327 last year; a decrease of 100,000.

The outlook for May is not therefore brilliant, though warm, growing, weather and good crop prospects will help the commercial situation somewhat, while it would depress prices; for it would increase the movement of the balance of the old crop out of the country. But it is too late to save the spring trade, or to help the railroads or Wall Street much.

We append the usual quotations of leading stocks for the month :

QUOTATIONS:	April 7.	April 14.	April 21.	April 28.
U. S. 5s, 1881, Cont...	102½ ..	102 ..	103 ..	102¾
U. S. 4½s, 1891, Coup.	113¾ ..	113¾ ..	113¾ ..	113¾
U. S. 4s, 1907, Coup...	119¾ ..	119¾ ..	119¾ ..	119¾
West. Union Tel. Co..	83¾ ..	83¾ ..	82¾ ..	82¾
N. Y. C. & Hudson R.	126¾ ..	127¾ ..	125¾ ..	125¾
Lake Shore.....	111¾ ..	113¾ ..	111¾ ..	111¾
Chicago & Rock Island	125 ..	125¾ ..	123¾ ..	124
New Jersey Central...	73½ ..	75½ ..	76½ ..	76½
Del., Lack. & West....	126¾ ..	130½ ..	127½ ..	127¾
Delaware & Hudson..	110¾ ..	110½ ..	110¾ ..	109¾
Reading.....	55 ..	55½ ..	55½ ..	55½
North Western.....	138½ ..	138½ ..	134½ ..	134½
Pacific Mail.....	43¾ ..	43¾ ..	41¾ ..	41
Erie.....	38½ ..	32 ..	37¾ ..	37
Discounts.....	6 @ 6½ ..	6 @ 6½ ..	5½ @ 6 ..	5½ @ 7
Call Loans.....	5 ..	4 @ 7 ..	5 @ 6 ..	4 @ 6
Bills on London.....	4.82½ @ 4.85½ ..	4.83 @ 4.85½ ..	4.82½ @ 4.85½ ..	4.81 @ 4.86
Treasury balances, coin	\$ 123,802,376 ..	\$ 121,449,583 ..	\$ 121,513,169 ..	\$ 120,950,265
Do. do. cur.	\$ 6,628,671 ..	\$ 7,265,632 ..	\$ 7,261,695	\$ 7,385,469

The reports of the New York Clearing-house banks compare as follows :

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Mar. 31...	\$ 310,130,100 ..	\$ 49,086,800 ..	\$ 16,801,800 ..	\$ 279,944,200 ..	\$ 16,574,800 ..	* \$ 4,097,450
April 7...	311,039,400 ..	50,620,400 ..	15,923,700 ..	280,980,400 ..	16,582,000 ..	* 3,701,000
" 14...	310,222,600 ..	53,062,800 ..	17,685,100 ..	284,149,000 ..	16,496,800 ..	* 289,350
" 21...	310,807,000 ..	53,869,800 ..	18,423,500 ..	286,676,100 ..	16,496,300 ..	624,275
" 28...	312,895,000 ..	53,736,800 ..	19,639,000 ..	289,922,400 ..	16,342,400 ..	895,200

\* Deficiency.

The Boston bank statement is as follows :

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mar. 31.....	\$ 144,779,900 ....	\$ 5,133,500 ....	\$ 3,752,200 ....	\$ 81,661,000 ....	\$ 30,478,700
April 7.....	145,526,800 ....	4,635,800 ....	3,338,900 ....	83,790,400 ....	30,102,100
" 14.....	143,295,700 ....	4,554,100 ....	3,256,100 .....	82,176,300 ....	30,079,500
" 21.....	142,789,300 ....	4,683,000 ....	3,168,100 ....	82,487,300 ....	30,103,300

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1883.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 31.....	\$ 74,620,434 ....	\$ 15,326,927 ....	\$ 62,488,577 ....	\$ 9,810,351
April 7.....	74,838,580 ....	15,552,778 ....	62,970,557 ....	9,814,468
" 14.....	75,323,449 ....	16,733,783 ....	64,584,385 ....	9,827,083
" 21.....	75,746,267 ....	17,170,735 ....	64,899,784 ....	9,828,541
" 28.....	75,531,618 ....	17,466,815 ....	65,136,013 ....	9,761,181

The Directors of the Bank of France have issued their report on the situation of that institution during the past year. The total operations of the bank in 1882 amounted to 14,867,900,000 francs. In 1881 they amounted to 14,388,900,000f., showing an increase of 479,000,000f. On the 31st December, 1882, the stock of metal amounted to 2,042,100,000f., an increase of 240,400,000f. on the amount recorded at the corresponding date of 1881. The gold stock rose in the course of the year from 645,800,000f. to 954,700,000f., an increase of 308,900,000f., while the silver fell from 1,115,900,000f. to 1,087,400,000f., a diminution of 68,500,000f. As regards the rate of discount, the average rate during the year has been 3.80 per cent. In October, 1881, it had been raised from four to five per cent.; on the 23d of February it was reduced to four and one-half per cent.; on the 4th of March to four per cent.; and lastly, on the 23d of the same month, to three and one-half per cent., at which rate it remained over last year. The discounts, which amounted in 1881 to 11,373,900,000f., had diminished in 1882 by 51,796,000f. The value of the notes in circulation on the 25th of January, 1883, was 2,899,500,000f., composed of 17,825,000 notes; 10,812,000 of these were for 100f., and 4,725,000f. of 50f.

---

## DEATHS.

BEARDSLEY.—On March 29, aged sixty-six years, JOSEPH A. BEARDSLEY, formerly Cashier of the Bank of North America, New York City.

BRADLEY.—On April 17, aged sixty-six years, SILAS L. BRADLEY, President of the National Bank of Auburn, N. Y.

BURT.—On April 8, aged eighty-six years, JAMES BURT, formerly President of the Chester National Bank, Chester, N. Y.

CULBERTSON.—On March 3, aged seventy-one years, EDMUND CULBERTSON, President of the National Bank of Chambersburg, Penn.

DAVIS.—On March 27, aged sixty-three years, FRANCIS F. DAVIS, Cashier (from its commencement) of the National Bank of Chester Valley at Coatesville, Penn.

HART.—On April 21, aged fifty-eight years, ROSWELL HART, Secretary and Treasurer of the Rochester Savings Bank, N. Y.

HATCH.—On April 15, aged sixty years, WILLIAM B. HATCH, of N. Y. City.

HUNGERFORD.—On April 2, aged fifty-seven years, JOHN N. HUNGERFORD, of Corning, N. Y.

MIDDLEBROOK.—On March 29, aged seventy-five years, STILES M. MIDDLEBROOK, Treasurer of the City Savings Bank, Bridgeport, Conn.

ORVIS.—On March 30, aged sixty-seven years, JOSEPH U. ORVIS, formerly President of the Ninth National Bank of New York City.

PARKER.—On April 1, aged sixty-six years, JOHN PARKER, Cashier of the Phenix National Bank of New York City.

TURNER.—On April 8, aged sixty-two years, SETH TURNER, formerly President of the Randolph Bank, Randolph, and the Shoe and Leather National Bank of Boston.

THE

# BANKER'S MAGAZINE

AND

## Statistical Register.

---

VOLUME XXXVII.

JUNE, 1883.

No. 12.

---

### THE BUSINESS OUTLOOK.

The depression in some kinds of business is severe, and a very uncomfortable feeling prevails concerning the future. For a year, at least, no profits have been made by many manufacturers, dividends have been passed, and they are anxiously peering into the future, hoping to see signs of a more prosperous day. It is worth while to analyze some of the more prominent causes of the existing depression, because we think that such an investigation will clearly show in what direction men must turn for relief.

In the first place it may be noted that Wall Street was the first place to feel the symptoms of depression. Stocks began to fall, and all efforts to buoy them up have proved fruitless. At first it was believed that the decline was temporary, and no serious uneasiness prevailed. But they sagged more and more, and the outside public manifested less and less inclination to buy. All efforts to induce them to come into the market and take the load off the shoulders of those who were carrying them were abortive.

What were the causes of this unwillingness to buy? Of course, the cheap and ready answer usually given is, the outside public do not like to operate to make money by selling short, expecting a decline; they prefer a bull market, where the prospects of making are stronger and better understood. But this is really no answer at all; the question is, why have the stocks declined? what has happened to turn the tide?

Two answers may be given. The first is, that after stocks began to fall the outside public continued to buy to some extent, expecting that a rise in prices would occur. In many cases they doubtless repeated their purchases until they had no more money to spend, and then they were obliged to stop. Many of the failures which have occurred in the mercantile world during the last nine months furnish sad proof that speculation has not been confined to the denizens of Wall Street. The mercantile community have been badly infected with the speculative craze. It has been the cause of many failures. It is said that sometimes they have been led to speculate hoping to retrieve the losses sustained in their business; but, instead of increasing their capital have impaired it still more, and thus been dragged down into bankruptcy more quickly. When the bottom was reached of course speculation was at an end.

But the prime reason why stocks have fallen is a very different one. It is the loss of confidence in railroad managers. It would be unjust to say that all the railroads in the United States are managed in a selfish and dishonest manner. On the other hand, many of them are managed with great ability and honesty. But several of the most important lines are managed very differently, and the exposure in part of the ways of these managers has seriously impaired the entire list of railroad property. The rain falls alike on the just and the unjust, and both classes suffer or rejoice from the same cause. Thus it is with respect to railroad property. If the shares of the solid concerns advance generally, the shares of the rotten ones advance too, although there is no valid reason why they should. If the value of the weak railroads declines, the value of the strong ones also generally falls. Long ago the people ought to have found out how railroad managers were abusing their trusts for personal ends, but they have been very slow to open their eyes. Foreign investors were among the first, if not to see, at any rate to act on the knowledge they acquired by selling their stocks and diminishing their purchases. Less moved to buy for speculative purposes than for permanent investment, they have acted with more wisdom in purchasing than many who live here. Several months ago the *London Times* pointed out three glaring evils in the management of American railroad corporations. First, their management was conducted with too much secrecy, and their periodic statements to stockholders were not sufficiently explicit, but appeared to be frequently designed to conceal facts vital to the condition of the corporation; second, the stockholders were so scattered that they could not, except under special pressure, be brought to exert any influence or check upon the management; and third, the management, in the absence of control from the proprietary interest, were liable to and did commit corporations to injurious policies, and even bring ruin upon their property.

Last autumn a fresh illustration was furnished of the way railroads are managed for the personal benefit of the managers, when the policy of cutting rates between several of the Chicago and Northwestern railroads was declared, and for a long time continued. It was well understood that the managers could stop this war at any time they chose, but it was for their interest to declare it and to continue it for a certain time. When they were ready to stop it, the only step necessary was for a mere handful of men to meet during an evening and determine to make new rates. The adjustment was easily made.

An illustration of a different kind, showing how completely the railroads are under the control of their managers, was the traffic contract between the Canada Southern railroad and the Michigan Central near the close of last year. It was drawn by the two companies, and the laws of Canada required that it should be submitted to the shareholders for their approval. A meeting was therefore duly called for that purpose. The stockholders were asked for proxies that might be voted to approve an agreement entered into between the two companies, but no intimation whatever of the terms of the agreement was given to the stockholder whose proxy was sought. Nevertheless so accustomed are American shareholders to this summary way of treating their interests that they very generally forwarded their proxies without asking any questions, though a few of them mildly intimated that they would like to know something about the agreement before voting in favor of it. The *Railroad Gazette*, in discussing this proceeding, remarked that "nothing could better illustrate the little influence that shareholders have in our American railroad companies than the practical execution of this important contract, which entirely revolutionizes the position of one of these companies and greatly affects the other, not only without consulting the stockholders of either company, but even without making known to them the terms of the contract; and nothing could better show how completely shareholders have become accustomed to being so ignored than the fact that they take this as a matter of course."

Many illustrations might be given to show how railroad managers have abused their trusts for personal ends. Stock-jobbing and railroad management do not blend well, and yet the two kinds of business for several years have been mingled in a most extraordinary manner. Within ten or fifteen years huge fortunes have been acquired by some of these managers. Men who were worth nothing then, to-day possess from five to fifteen or twenty millions, which they have acquired by taking advantage of their official positions to enrich themselves. If they reply, "It is true we are rich, but the companies we represent have been faithfully managed," the answer is not correct. Whatever statement they may make concerning

their companies, however skillfully they may put figures together, whatever representations they may utter concerning the wisdom of their leases and other contracts and purchases, and the prospective value of their corporate properties, it can be easily shown that in every case, without a single exception, in which the seenormous fortunes have been made by the railroad managers, the companies they represent have been, or certainly will be, the sufferers. It is a familiar doctrine of political economy that in every well-considered contract both parties to it are gainers, and doubtless this is so; but where, as in the cases mentioned, the gains on one side are so enormous, it is absolutely certain that a tremendous loss has been incurred on the other.

A similar disregard for the interest of the corporation, and a similar keen eye for personal gain, of late has attended the construction of some of our railroads. They have been projected and built, not so much to serve a public purpose as to enrich a few. Oakes Ames and his associates are not the only "patriotic men" who have been engaged in the construction of railroads. There have been so many of the same kind that the buyers of bonds have become frightened and have gone to the other extreme, concluding that it is not safe to buy any kind of railroad property.

The effect of this manipulation of railroads for private ends is now clearly seen. Persons are unwilling to invest either in railroads already established, or to aid in building others. Consequently the value of railroad property falls, railroad construction flags, and other kinds of business, dependent on railroads for their prosperity, suffer—notably all kinds of iron and steel industries. The depression in these extends to others, and, by and by, suffering in a greater or lesser degree will run through all.

It must be noted, however, that while railroad mismanagement is the prime cause of the business depression, the evil is exaggerated in some respects. There is no reason for supposing that all the railroads have been mismanaged during the last ten years. On the other hand, the managers who have abused their trusts are exceptional, and not the greater number. But the effect temporarily is to discredit all railroad property. Yet there is no reason for such a sweeping judgment. Many of the railroads are earning just as much money as they earned two years ago, are just as well managed as they were then, and are really worth just as much. There is no real reason for a decline in the valuation of a vast amount of our railroad property. Now, we believe this fact will become clear to investors ere long, and, when it does dawn on them, purchases will be made on a larger scale and the business situation will improve. One great need of the hour is to discriminate properly between the really good properties and the good-for-nothing ones, and to buy and sustain the former and let the latter go down

—the sooner the better. Railroads which pay no dividends, and are never likely to pay them, should no longer be held up, but sunk out of sight. They injure the sound properties in many ways, they are a constant menace to them. It may be hard for those who own stock in Erie and the like to lose it, but then, when it was purchased it was known that the stuff was valueless; it was bought for purely speculative purposes, and if the holders of it should suffer they are entitled to no sympathy. This weeding out process is now likely to be made, and at the same time some of the railroad managers who have been so faithless to their trusts should be compelled to retire. Stockholders should exercise larger powers in the management of their property, and no longer put it so completely into the hands of persons whose reputations for sacrificing corporate for private ends have become so well known.

We believe that there will be a wiser discrimination in the purchase of railroad securities and of giving aid to new enterprises, and that a more active part will be played by stockholders in the management of their property. When these things are done, confidence in its value will be restored, and with its restoration there is likely to follow an improvement in all kinds of business. The country is rich, there is money for investment, notwithstanding the heavy losses which have been sustained, the causes of the existing depression are not deeply rooted, as we have seen, nor incurable. The sooner investors and stockholders begin to exercise greater judgment in buying and managing railroad property, the sooner will the business of the country be restored to a healthy condition.

---

### FAVORABLE BALANCE OF OUR TRADE.

During the nine months ending March 31, 1883, there was an excess of imports over exports of coin and bullion (gold and silver) of \$213,008, but an excess of exports over imports of merchandise (foreign and domestic) of \$105,475,632. Combining in one statement the movement of coin, bullion and merchandise, the excess of exports was \$105,262,624, as compared with an excess of \$50,172,427 during the nine months ended March 31, 1882. From what is known of the movement of our foreign trade since April 1, and from what is anticipated in respect to it during the present month of June, it may be set down as reasonably certain that the favorable balance of the exports and imports of merchandise during the fiscal year ending June 30, 1883, will not be less than \$130,000,000, and that the exports and imports of gold and silver (coined and uncoined) will about balance each other.



This statement, on the face of it, and without taking any other elements into the account, would necessarily imply that foreigners have either become our debtors for merchandise sold to them, or that they have paid and will pay us \$130,000,000 during the year by selling to us stocks and bonds which do not figure in Custom-house returns. But there are other elements to be taken into the account, of which the principal ones are the annual interest and dividends upon such of our stocks and bonds as are held abroad, the expenditures of American travelers in Europe, the money in various forms brought by immigrants into this country, and the investments of foreigners in our real estate. American travelers in Europe spend a good deal, including the purchases which they make there and contrive to bring back without entering them at the Custom House, but they are inconsiderable in numbers compared with the foreign immigration, and upon the whole we do not believe that the apparent favorable balance of our foreign trade is subject to any greater deduction than the amount of annual dividends paid to, the European holders of our stocks and bonds, and such a deduction cannot now be more than one-third of \$130,000,000. There must therefore be a large reduction during this year of the aggregate of our securities held by foreigners. Many considerations confirm this view. A comparison of the London and New York prices of such American securities as are the subjects of dealings in both places, show that New York is the primary market and that its fluctuations are followed in London, and they show, furthermore, that New York prices are almost always somewhat in advance of London prices, and that therefore New York is buying while London is selling. The rate of income obtainable by a New York purchaser of American Government bonds is not higher than the rate obtainable by a London purchaser of British Government bonds, and this is a proof that the rate of interest in the two markets upon securities accepted as reliable is not sensibly different. If that is true, or substantially true, the natural preference of investors for home over foreign securities is tending all the time to induce Englishmen to part with their American bonds and stocks at the prices at which they are salable here. And this is still more clear in respect to the Dutch, French and Germans, whose ordinary rates of interest are higher than the London rates.

We know with certainty that the foreign holding of our Government bonds, which was very large half a dozen years ago, is now reduced to a trifling figure. The most of these bonds are now registered, and the books at Washington disclose very little foreign ownership. The same causes must have operated to transfer American railroad bonds, except such as have not been salable here, from the other side of the Atlantic to this. And in addi-

tion to the operation of these causes there has been, in respect to railroad stocks, the additional fact that the sudden and great fluctuations in our markets of the prices of those stocks, has created an impression among foreign investors that their values are not reliable. All the European financial journals affirm that this impression has been gaining strength abroad, and especially during the past two years. This has not prevented dealings in our stocks, in a gambling way, by operators in London, and may have even increased that class of dealings. But betting in Europe upon the fluctuations of Wall-Street prices, is a very different thing from European investing of money here.

The average European investor cannot be so dull as not to see, that with the great abundance of capital existing in the United States, now undoubtedly the richest country in the world, and with the low rates of interest and high prices of all acceptable securities which now prevail here, he ought to be on his guard against the American bonds and stocks which are sent across the Atlantic for sale. The general fact must be subject, of course, to exceptions, that they would not be sent abroad if they commanded confidence at home, and this fact is so patent upon the face of the case, that the great majority of Europeans cannot overlook it.

A good many of the American bonds and stocks held abroad are nothing but the accumulated wrecks and worthless residuum of long years of speculation. It is quite certain that they will remain where they are, and it is best for us that they should. But the steady return home of such of our bonds and stocks as possess real value is desirable in all its aspects and results. This country has outgrown the condition of being an exploiting ground for foreign capital. Absentee bondholders produce precisely the same economical mischiefs as absentee landlords. Every million of bonds returned from Europe increases our agricultural exports to that continent by exactly an equal amount. The Europeans could not buy of us so much as they do, if they did not pay in part by re-selling our securities. The idea that they can pay us in gold is a pure chimera, and even if it was possible for us to drain away their gold it is the last thing which we ought to desire. They are suffering severely already from a constriction of money and falling prices, and we have everything to lose and nothing to gain by further reducing prices in what is the chief market for our exports, and especially for our agricultural exports. Our own mines of gold and silver produce more annually than we can possibly retain as an annual addition to our currency. However large a volume of money we may wish to have, or however high we may wish to have our prices go, we must be content with what we can get and hold, and nothing is more certain than that, do what we will and wish what we may, our volume of money and our general scale of prices must bear a

certain relation to the volume of money and scale of prices existing in other parts of the commercial world.

The statements which are published from time to time, that foreigners are buying more of our securities than they are selling to us, arise partly from the mistakes of individual dealers, who may be themselves sending abroad more securities than they receive from abroad, and who confound their own particular transactions with the transactions of the whole country. But it is evidently the opinion of some persons that the prices of securities in our own market may be made higher and more buoyant by creating the belief that foreigners are purchasing. But it is a much better basis for a rising and solid stock-market, that there is wealth enough at home to hold all our stocks where the confidence in them is intelligent and well-informed, and where there is no danger of absurd panics, to which the foreign holding of them is necessarily subject.

---

### BANK NOTES.—THE NATIONAL REVENUE.

During the year ending March 31, 1883, the net circulation of National notes, that is to say, the gross amount outstanding, less the deposits of lawful money for the redemption of the circulation of failed, liquidating and reducing banks, was diminished by the sum of \$11,310,941.

During the month of April, 1883, the deposits of lawful money were reduced \$569,919, while the gross amount of outstanding notes was reduced only \$516,214, so that the net circulation of the banks increased \$53,705.

During the six months ending May 1, 1883, twenty-three banks, with a capital of \$3,836,000 have gone into voluntary liquidation, but 132 new banks, with a capital of \$14,958,500, have been organized. Of the new banks there are seventy in the Western States, with a capital of \$9,680,000, and eight in the Pacific States with a capital of \$510,000.

There is naturally some sensitiveness as to the possibility of a sensible contraction of the volume of bank notes in the near future, but we are more than ever convinced that the Comptroller of the Currency is right in maintaining that there is no occasion for apprehensions of that kind. The principal cause of an increase of bank notes, which is the organization of new banks, is likely to continue to be active and effective, while the principal cause of the decrease of bank notes, which is the calling of bonds by the Government, will certainly be less for a year to come than for the past year. Indeed, it is really probable that there will be substan-

tially no surplus revenue during the next fiscal year, beginning July 1, 1883, and consequently no calls for bonds during that year.

The great outgo from the Treasury is for the payment of pensions. Looking merely to the facts that the appropriation for pensions for the current fiscal year was \$100,000,000, while it was only \$86,000,000 for the next fiscal year, some persons have jumped hastily to the conclusion that the pension expenditures are to be on a decreasing scale. But, in fact, it is not the amount of appropriations which control pension expenditures, but it is the expenditures which control the amount which will be appropriated. The expenditures are controlled by the laws under which pensions are granted, and by the strength and efficiency of the clerical force in the pension bureau by which those laws are administered. The estimate by that bureau of expenditure for the fiscal year beginning July 1, 1883, was (omitting fractions) \$101,000,000, and that estimate was made before the passage of the act increasing the rates of pension in certain cases of severe wounds. Congress appropriated only \$86,000,000, but that was because the Commissioner of Pensions reported that he would have left over unexpended of the appropriations for this year certainly \$15,000,000. But the appearance now is that he will have left over more than \$15,000,000. To May 1, he had expended only \$54,000,000, and if he is able to spend in May and June at the rate of \$10,000,000 monthly, which is what he expects, his expenditures for the year will have reached only \$74,000,000, and instead of having \$15,000,000 to carry over to next year, he will have \$26,000,000. In that case, the appropriations available for next year will be \$112,000,000. If more is needed, Congress will be in session again next December and will appropriate more. It is certain that the existing pension laws will not be altered, except possibly in the direction of making them more liberal. The pension bureau will have all the money it can spend, and if that is \$10,000,000 monthly, it will be \$120,000,000 for next year. There are applications enough, certain to be allowed in the end, to swallow up a good deal more than that. It is only a question of the power of the force in the bureau to adjudicate upon the cases. Some thousands of new clerks were given to it last fall, and they seem now to be well organized and in good working order, and the increase of expenditures next year as compared with this will be from \$30,000,000 to \$45,000,000.

In no part of the public service is there likely to be any reduction of expenditure next year as compared with this, except of (say) \$4,500,000 in the interest on the National debt, and of (say) \$8,000,000 on rivers and harbors. It is true that \$18,000,000 was appropriated for rivers and harbors for this year and nothing for next, but in this case, as in respect to pensions, the appropriations are one thing and expenditures are another. Of the \$18,000,000 ap-

appropriated and subject to being expended this year, at least \$5,000,000 will go over to be expended next year.

To offset whatever may be saved in the National interest account and in respect of rivers and harbors, there will be next year \$10,000,000 paid out of the Treasury for Alabama claims, and heavy new expenditures in the navy on monitors and steel cruisers, under the policy of constructing a new navy, which may be relied upon to swallow up any number of hundreds of millions if we persevere in it.

Mr. Morrill, the Chairman of the Senate Finance Committee, and who had more to do with the tax reduction law passed during the last session of Congress than anybody else, estimated that it would diminish the revenue \$72,000,000. To that is to be added several millions of loss of Post Office revenue, from the law lowering letter postage and increasing the salaries of postmasters.

On the whole, the probabilities are that the surplus revenue of the next fiscal year will be small, if it is anything, and that, at any rate the banks will not be disturbed in their holding of bonds, to any extent which they cannot make good without purchases of other bonds so large as to raise the prices of bonds against themselves.

---

## SAVINGS-BANK INVESTMENTS.

This subject was discussed by the New York Legislature at the last session and the outcome of the discussion was a new law widening the field for investments. Within fifteen years the Savings banks of New York have invested large sums unwisely, resulting in heavy losses. In 1875 a law was enacted which abridged the power of the directors of these institutions in making investments. It is maintained that this law has borne good fruit, and that at no time within twenty years have the Savings banks of the State been so free from securities of doubtful value as they are to-day.

The question is one of great importance, and is surrounded with many difficulties. No doubt the law of 1875 was wise in restricting Savings-bank investments, and in repealing special charters by which these institutions were permitted to invest in "good securities." Such power is too general to confide to the directors of institutions of this character. Experience has shown that not infrequently they commit mistakes where they are permitted to rely wholly on their own judgment. Besides, if they invest wisely, and handsome profits accrue, they receive the thanks of no one; while, if their investments turn out poorly, they are sure to receive condemnation from almost every quarter, no matter how good may have been their intentions.

The same reason applies to withholding such power from the superintendent of the Savings banks. It is a most dangerous power to put in his hands. It is a power which he may be strongly tempted to abuse. He might ruin a Savings bank before the fact was known. By conniving with the managers it might be utterly wrecked. There would be no check anywhere to prevent their doing this.

It is far better, therefore, for the State to prescribe the list of securities which these institutions may purchase. Protection to directors is then complete, so long as they obey the law; if any investment turn out badly, the State, and not the directors, is to be blamed. Their responsibility is lessened; so, too, is the work of the Savings-bank superintendent, for it is easy to examine the securities and thus determine whether the directors are obeying or evading the law.

One effect of extending the list of securities is to reduce the value of those now held by the Savings banks, and to appreciate the value of those added to the list. This point is well worth their consideration. One reason why the Government bonds sell at so high a premium is the demand for them by these institutions. The same is true of other choice securities; many of them have been bought at high rates. But if the banks should be granted the privilege to invest far more widely, undoubtedly the value of Governments and other securities now held by them would decline. The question arises, can they afford to suffer by such a depreciation? It is true they would be able to buy other securities at more favorable rates, and what they would lose in one direction perhaps would be made up in another. It is probably true that the securities now owned by them have been purchased with the view of holding until they are paid, and hence the premium is not a matter of great moment, but it is on future purchases. The banks are deeply interested in buying at the best possible rates. If, therefore, the list can be safely extended they will be enabled to buy more advantageously than they can so long as they are confined within their present narrow limit.

What safeguards, then, shall be adopted in the purchase of securities by the Savings banks? The New York Legislature has proposed to allow them to buy bonds of any dividend-paying railroad; but this is opening the door too widely. As is well known, many of the recent railroads have been built entirely from bonds. The stock is a kind of bonus issued, not representing any money paid by its holders. To buy such bonds, therefore, will expose a Savings bank to many dangers. We think that at least two limitations ought to be prescribed: first, that the railroad is finished, and has earned and paid dividends regularly for a certain number of years; and, secondly, that its bonds, which a Savings bank might

be authorized to take, should not exceed a certain number of dollars per mile, or a certain amount of the entire value of the railroad. Under such restrictions the bonds of railroads ought to be as safe as mortgages on land. Suppose that the law should prescribe that the bonds should not exceed twenty thousand dollars per mile on a completed road, which had paid five or more per cent. dividends annually for at least half a dozen years, would not the security be safe, quite as much so as an ordinary mortgage? These suggestions at least show the possibility of imposing proper restrictions whereby railroad bonds may be safe purchases. If such purchases can be devised, it would certainly be good policy to extend the field for Savings-bank investments.

## EMIGRATION.

There have been considerable differences, comparing one year with another, in the number of British and Irish returning home, after emigrating to foreign countries and to the British colonies. This will appear from the following statement of the gross emigration in certain years, and of the net emigration in the same years, that is to say, in the excess of those departing over those returning:

<i>Years.</i>	<i>Gross emigration.</i>	<i>Number returning.</i>	<i>Net emi- gration.</i>
1877 ..	95,195	63,890	31,305
1878 ..	112,902	54,964	57,958
1879 ..	164,274	37,936	126,338
1880 ..	227,542	47,007	180,535
1881 ..	243,002	52,707	190,295
1882 ..	279,366	50,599	228,767

As will be seen, the number returning in 1877 was more than two-thirds the numbers going, and was nearly half as many in 1878.

In 1877 and 1878 the proportion of net British and Irish emigration received by various regions, were as follows:

	1877.	1878.		1877.	1878.
United States.....	603	20,654	..	All other countries.	3,168
British N. America.	2,033	4,448	..		584
Australasia.....	25,501	32,272	..		31,305
					57,958

The net emigration in 1881 and 1882 was apportioned as follows:

	1881.	1882.		1881.	1882.
United States.....	146,323	153,435	..	Australasia.....	16,805
British N. America.	18,151	34,344	..	All other countries.	9,016
					31,465
					9,523

It is evident from a comparison of the foregoing figures, that the increase and decrease of the net British and Irish emigration are affected quite as much by the variations in the prosperity of the countries to which the emigrants go, as by the variations in

the pressure of the wants and difficulties at home which induces them to desire to change their residence. Wages were higher and employment was more abundant in Great Britain and Ireland in 1881 and 1882, when there was a net British and Irish emigration of 355,253 to the United States and British North America, than in 1877 and 1878 when the net emigration was only 27,738. The obvious explanation of the enormous difference in the net emigration of the two periods, is the prostration of industries in America in 1877 and 1878, and the revival of business which commenced in the summer of 1879 and continued through 1881 and 1882.

The net emigration to Australia varied very little, on a comparison of the years 1877 and 1878 with the years 1881 and 1882.

According to the statements of the Registrar-General for Ireland, the total number of Irish emigrants from May 1, 1851 (when the collection of returns was commenced) to December 31, 1882, was 2,804,740, of whom 1,493,560 were males and 1,311,180 were females. This includes those going to Great Britain to permanently settle there, of whom in the year 1882, those going to England and Wales numbered 4904 and those going to Scotland numbered 5672. During the four preceding years, the annual average of those going to England and Wales was 3381 and to Scotland was 6198. During the thirty-one years and eight months covered by the statements of the Irish Registrar-General, the decline in the population of Ireland was about 1,400,000, or about half of the gross emigration.

The Irish emigration contains a proportion of females, nearly one-half, which is far in excess of the proportion of females in the emigration of any other people, European or Asiatic.

The proportion of *assisted* emigration from Ireland has always been large, but until now the assistance has not been given by the public authorities, but has come from relatives and friends who had already located themselves and prospered in new countries. For many years past, the officials in control of the Irish poor-houses have been legally empowered to aid the emigration of the persons under their charge, but they have not been at all inclined to exercise the power. As a rule, the governing classes in Ireland, that is to say, the landlords on one side and the Catholic clergy and the agitators for Irish independence on the other, have been opposed to a diminution of the Irish population. They seem to be still opposed to it, with the exception, perhaps, of the landlords, who are apt to adopt the views of the British Government, which has at last come to the conclusion that it will not expend money upon public works in Ireland for the purpose of giving employment to Irish labor, and that the only as-



sistance it will render in relieving Irish poverty, except what is provided by the Irish poor-laws, shall be in the form of aiding Irish emigration by money grants and advances.

A considerable proportion of the Irish emigration seems likely to be directed to the Dominion of Canada for a few years to come. The railway companies in the British Northwest have offered to locate 10,000 families, or (say) 50,000 people, on certain terms. At a meeting in London on the 19th of March, to consider the subject of emigration to the British colonies, a letter was read from Sir Alexander Galt, Commissioner for Canada, to the effect, that while the Government of Canada could not be expected to encourage the immigration of habitual paupers, a considerable number of pauper and destitute children, both boys and girls, might annually be absorbed by Canada, and that the Canadian authorities would undertake an oversight of such children, and a periodical inspection and record of their disposal.

In the end, of course, the power of Canada to absorb, in the sense of permanently retaining, either immigration, or the natural increase of its population, will depend upon the wisdom of its policy in diversifying and enlarging its home industries.

The laws of the United States require the officials in charge of immigration to examine arriving passengers, and "if they find any convict, lunatic, idiot, or any person unable to take care of himself or herself without becoming a public charge, they shall report the same in writing to the collector of the port, and such persons shall not be permitted to land." Furthermore, "the expense of the return of persons not permitted to land shall be borne by the owners of the vessels in which they came."

The evidence seems to be that the Irish arriving here with the aid of assistance furnished by the British Government do not come within the prohibition of the United States laws, and that they are probably quite as well provided for as the average of the arrivals from Ireland within the last thirty years. Of two ship-loads of Irish passengers arriving at Boston in April, assisted by the British Government, the Superintendent of the Poor in that city reported officially as follows: "All of these people were supplied with tickets to their several places of destination, and, in addition thereto, furnished with sums of money averaging about £1 sterling to each individual. Five hundred and ninety-three were ticketed beyond the State, and all claimed to have friends at their various places of destination. Their points of embarkation were Moville, Blacksod Bay and Galway. Their physical condition was fully up to the average standard of immigrants."

Of the above two ship-loads, and three others subsequently arriving in the same city, the *Boston Advertiser* says: "So far as can

be ascertained, no person of the five different arrivals of assisted passengers reaching this port since April 3d, has become 'a burden to the State,' though all have paid the head money of half a dollar."

---

### THE ITALIAN RESUMPTION.

The London *Times* has advices that on the 12th of April, the first day of specie resumption in Italy, the demand for metal by the holders of Government notes was only 2,650,000 *lire* (equal to francs), or about \$530,000. This is exclusive of the demand made for subsidiary silver, by the holders of the fractional paper money below five *lire*.

It appears from a recent decree of King Humbert, that of the five-*lire* Government notes hitherto in circulation, only notes amounting to 105,400,000 *lire* are to be cancelled after redemption, while notes amounting to 100,000,000 *lire* will be, in the language of a well-known law of our own Congress, "*re-issued, paid out, and kept in circulation.*" It also appears from the same decree that the permanent circulation of Government notes to the amount of 340,000,000 *lire*, or about \$68,000,000, will be divided, as to denominations of notes, into 100,000,000 *lire* in five-*lire* notes, and 240,000,000 *lire* in ten-*lire* notes. This plan, where a paper currency is a mixed one of Government and bank notes, of having the smaller channels of circulation supplied exclusively by Government notes, prevails in Germany, Austria, Canada, and the United States, as well as in Italy, and is justified by many reasons. The smaller notes are, the less care is taken of them, and the more of them are lost or destroyed, and the greater profit of that kind to the issuers. There is less danger of mere panics as to the solvency of governments, than as to the solvency of banks, and it is natural also that all governments should believe their own credit to be really more solid than that of banks, although the fact is sometimes otherwise.

The Italian resumption law authorized the executive Government to exclude silver from being received for customs duties, but the royal decree above referred to does not exercise this authority, but directs such duties to be received in notes, silver or gold, except that not more than 100 *lire* in subsidiary silver shall be received in any one payment.

The amount of the subsidiary silver is fixed at 170,000,000 *lire* or about \$34,000,000, in two-*lire*, one-*lire*, and one-half-*lire* pieces.

As the bank-note currency is to be left at its present amount, \$160,000,000, the total paper will be reduced to \$228,000,000, after the Government notes are reduced by cancellations to \$68,000,000.

This is a very small supply for a population of 28,000,000. where the small channels of circulation are filled with one-dollar and two-dollar notes, and only very trifling reserves of the metals can be really required to insure constant convertibility into specie. But we shall know in due time what the actual policy of the Italian Government and banks in that particular will be.

Specie resumption in Italy has been brought about with little or no contraction of the volume of money in that country. There has been absolutely no contraction of it, if the resumption loan, which was a little greater than the proposed cancellation of Government notes, was all taken and is still held in other countries. Nothing has happened on that supposition, except that for a certain amount of Italian paper, there has been substituted an equal amount of metal obtained abroad. Loans, however, entail the disagreeable duty of paying interest upon them, and so far as Italy has drained foreign money markets by this operation, it must bear its share of the resulting fall of general prices.

The only full-tender silver coin in the States of the Latin Union is the five-franc piece. To whatever extent the number of these pieces in Italy has been increased by the coin resumption just effected, the number of them in France, Belgium and Switzerland has been decreased. No new demand for silver bullion has resulted from the operation.

The Rome (April 24) correspondent of the *London Times* says, that the speculators have been encouraged to attempt to work up a premium on gold on account of the small quantity of it put into circulation, and that the Italian Ministry were considering the expediency of throwing larger amounts upon the markets. The natural inference from such a statement would be that gold had been used sparingly in the coin redemption to that date; but the whole thing becomes unintelligible from the subsequent statement in the same correspondence, that the speculators were also attempting to work up a premium on silver as compared with paper. There cannot be a premium on both gold and silver until payment in any kind of coin is again suspended in Italy. Coin and paper will be at a parity in that country as long as the paper is convertible into coin, and gold coins cannot be at a premium over silver coins so long as both are received without distinction for taxes, and so long as the quantity of silver coins remains as small as it is now.

---

**NEW GOLD DISCOVERIES.**—A new field of enterprise appears to have been discovered in the Transvaal. Mining engineers state that it is one of the richest mining districts in the world, and that extensive gold fields are only waiting to be worked. Acting on these reports, which appear to be most reliable, several companies have already been started with the object of purchasing these valuable tracts of land.

## LONDON CLEARING HOUSE—BRITISH TRADE AND PRICES.

The annual statements of the London Banker's Clearing House, cover a year beginning May 1 and ending April 30. The total for the year 1882-3 shows a decrease of rather more than three per cent., as compared with the year 1881-2. Upon a general view of these statements, it appears that the total clearings averaged annually six thousand millions sterling during the three years ending April 30, 1875, but fell to an annual average of five thousand millions sterling during the three years ending April 30, 1880. Then came the upward rebound, and during the three years ending April 30, 1883, the total clearings averaged annually nearly six thousand two hundred millions sterling. These extraordinary fluctuations strikingly illustrate the severity of the depression in commerce and finance which commenced in all commercial countries in 1873, and the recovery from which began in the United States in the summer of 1879, but in England and Europe generally, not until the end of 1879.

In the accounts of the total clearings in London, separate statements are made of the clearings on "*stock-exchange account days*," on "*consols-settling days*," and on the "*fourth days of the months*." The clearings under the last-named head are treated by British writers as "*the ordinary trade clearances*," and as being a good indication of the fluctuations in either the quantity or prices of the merchandise dealt in. The clearings on the "*fourth days*" fell from an annual average of 269 millions sterling during the two years ending April 30, 1874, to an annual average of 215 millions during the two years ending April 30, 1880, and then rose to 241 millions during the year of revived business and prices ending April 30, 1881.

In reviewing the trade history of 1880, Mr. R. Giffen, now Secretary of the British Board of Trade, expressed the opinion that the era of buoyancy of prices of commodities then entered upon would prove to be permanent, and that the causes of depression had ceased to exist. In this country that view was stoutly combatted at the time by Weston, who insisted that there had been no essential change in the facts which control prices, and that the recovery of 1879-80 was nothing more than the reaction which must always follow either a marked fall or rise, inasmuch as the causes which produce either always have a greater temporary effect than what is permanently due to them. Weston's opinions were doubtless affected somewhat by his well-known fears of the effects of the demonetization of silver, which seem to us much exaggerated.

The fact of a return within the past two years to a condition of falling prices is attracting great attention in Europe and a good deal here. There is, as yet, very little agreement of opinion, either as to the causes or effects of that condition, or how long it may continue, or to what extent it may go. In concluding his recent address on this subject before the London Bankers' Institute, Mr. Goschen wisely said:

"The question is so difficult and complicated, that he would be a vain man who should venture to pronounce dogmatic opinions about it."

---

## JOHN LAW.

[CONCLUDED FROM THE MAY NUMBER.]

Thus from a gambler he had become the chief minister of State. "I have seen him," says Voltaire, "arrive in the saloons of the Palais Royal followed by dukes, lords, marshals of France and bishops." The neighboring governments were disquieted by the apparent financial power and strength of France. England desired to temporize with Law, who had retained a lively resentment against his own country. The English ambassador who had offended Law was recalled. The Duke of Orleans had so much confidence in his sagacity that he always consulted him on every important matter. It should be added, too, that Law had the fullest confidence in the permanent success of his system, and while acquiring great wealth invested everything in France. Not unduly elated by his prosperity he still remained simple and affable. If he showed any haughtiness, the nobles, who lavished the most fulsome adulation on him, were the sufferers. "He often took pleasure," it is said, "in seeing how long he could make them dance attendance on him for a single favor. To such of his own countrymen as by chance visited Paris, and sought an interview with him, he was, on the contrary, all politeness and attention."

Turning now from Law to the people what do we see? In November, 1719, the speculation has reached its height. It is no longer confined to professional speculators and creditors of the Government. The Rue Quincampoix is frequented by all classes of society who cherish the same illusions. Noblemen, famous not less for military skill than political ability, are to be seen there; churchmen, traders, quiet citizens, servants, who have suddenly acquired fortunes, and flushed with the hope of rivalling their masters. All the houses in the street have been converted into offices by the stock-jobbers; the occupants have given up their apartments and the merchants their shops; small houses which

formerly were rented for 700 or 800 francs were divided into thirty offices and brought 50,000 or 60,000 francs—stock-jobbing made itself felt in rents as securities. A cobbler who had converted his stall into an office by placing in it some stools, a table and a writing-desk, rented it for two hundred francs a day. Some of the shops were changed into cafés and restaurants; a portion of the Parisians almost transferred their residences to this quarter; they came at daybreak, breakfasted there, dined there, and when the fever of speculation had subsided passed the remainder of the day at card-playing. The Rue Quincampoix was called the Mississippi. Daily, industrious mechanics and quiet gentlemen abandoned their labor or the enjoyment of their comfortable fortune to embark on this tempestuous sea. Their number constantly increased, and in November all were under the fascination of this terrible delusion. The shares were now quoted at 15,000 francs, or thirty times their original price. No one stopped to inquire what they were really worth, the only question was to what height were they likely to go.

A large number of provincials and foreigners flocked to Paris, especially from the more important cities of Europe. Many dared not operate for themselves, either through fear or ignorance, and they employed brokers to operate for them. These persons organized regular swindling companies. They speculated on the rise, but oftener on the fluctuations which they had the skill to produce. They ranged themselves in a line in the Rue Quincampoix, and were ready to act at the first signal. At the sound of a bell in the office of a man named Papillon, they offered all at once the shares, sold them, and broke the market. At a different signal they bought at the lowest price the shares which they had sold at the highest and in this way brought about a reaction. Thus they always "sold dear and bought cheap." The fluctuations were so rapid and so great that brokers receiving shares to sell not infrequently made large sums by retaining them a single day. The story is told of a man who falling sick, sent his servant to sell 250 shares at 8,000 livres apiece. He sold them for 10,000 livres, thus making a profit of 500,000 livres, which he retained, and in a short time, by other lucky ventures, increased his fortune to 2,000,000. Another story is told of a person deputed to sell 200 shares for a person, who concealed himself for several days during which time the price rose so high that he cleared a million livres profit after returning to his employer the amount at market value on the day when he was deputed to effect the sale.

One man, a hump-back, acquired a fortune of 150,000 livres by loaning the use of his back as a writing desk to the brokers in the Rue Quincampoix. Americans have constructed a great many kinds of writing desks, but we have no patent for one of that kind. The

story is well authenticated and may be found in the Memoirs of the regent. About this time a plan of Paris was laid before the youthful King, Louis XV, who was ten years old, and he found fault with it because the Rue Quincampoix was not distinguished from the others by gilding. Ah, yes, only gilding, not gold, a truth which Paris was soon to learn.

By December the shares had risen to the highest point, 18,029 francs. The business of speculating in them had been thoroughly systematized. A commission had been appointed to settle all disputes summarily. The concourse of speculators constantly increased. People rushed to the Rue Quincampoix from every quarter. Creditors brought the money paid to them by their debtors, proprietors the value of their estates, and ladies the money obtained by the sale of their diamonds. The Mississippians, as they were called, began to abandon themselves to the pleasures and dissipations which often follow the acquisition of sudden wealth. The regent, freed from his cares, the nobility believing themselves wealthy, and the brokers who possessed immense quantities of paper, indulged in every kind of debauchery. The shops in the Rue St. Honoré, commonly filled with the richest stuffs, were emptied; cloth of gold had become extremely scarce, it was seen in the streets worn by all sorts of people. A great number of equipages paraded the capital, the streets of St. Martin and St. Denis near the Rue Quincampoix were so completely blocked by the carriages of rich Mississippians that the merchants complained to the regent that they seriously interfered with their trade.

The fever of speculation infected all classes—none escaped. M. de la Motte and the Abbé Terrasson, two of the ablest scholars in France, conversing together on the madness of the people, congratulated themselves that they were not as other men, and roundly ridiculed the folly of the votaries of the fickle goddess. They were indeed model Pharisees. Now, sad to relate, it so happened that these two superior souls who had braved the storms around them and kept their heads serenely in the upper air, met ere long face to face in the Rue Quincampoix. No doubt their heads began to buzz when they fully comprehended that somebody had suddenly taken a swift slide downward. They first tried to avoid each other, but finding a collision inevitable, they rallied each other and passed on each to do like the rest—make the best bargain possible.

Many amusing stories are told of persons who suddenly acquired wealth respecting what they did with it. A footman who had gained a fortune bought a fine carriage, but the first day it came to the door, instead of stepping into it, he mounted to his old rest behind. Another who committed the same mistake, more quick witted than the other, pretended that he got up only to see

if there was room on the back for two or three more lackeys whom he had resolved to hire at once. Mr. Law's coachman made a great fortune and asked to be dismissed from his master's service. It was granted on condition of his getting another as good as himself. He therefore brought two coachmen to his master, telling him that both were excellent drivers, and desired him to choose one, adding that he himself would take the other for his own carriage.

A rather funny story is told about a certain Mademoiselle de Begond, who one evening was at the theatre, and seeing a lady enter magnificently dressed and sparkling with diamonds, jogged her mother, and said, "I am much mistaken if this fine lady is not Mary our cook." The report spread through the theatre until it reached the ears of the fine lady. She went up to Madame de Begond and said, "I am indeed Mary your cook; I have made great sums in the Rue Quincampoix. I love fine clothes and jewels, and so I have bought them. But I have paid for them, and pray what has any person in this place to say to this?" On another occasion, some persons seeing a gorgeous figure alight from a splendid equipage, inquired what great lady that was. One of the lackeys answered, "A woman who has tumbled from a garret into a carriage." One of these Mississippians soon after making his pile, hastened to a coachmaker's and ordered a carriage to be made of the very finest pattern and then went away. The coachmaker ran after him to inquire what arms were to be put on the carriage. "Oh, the finest—the finest by all means." Thus the reader will perceive that the person who was so desirous of having an elegant coach knew all about the matter of arms. Another quondam footman was sitting in his carriage when the way became impeded by another belonging to an officer. The servants of the two quarreled and finally the occupants themselves, when the officer drew his sword, whereupon the other shouted out, "Brethren of the livery come to my assistance." One story more must suffice. A certain Brignoud, the son of a baker at Toulouse, was among the lucky adventurers, and his fancy run in the direction of buying a superb service of plate. He purchased all the articles exposed for sale in the shop of a goldsmith for 400,000 livres and sent them home to his wife with orders to set them out properly for supper, to which he had invited many persons of distinction. The lady did not understand the business exactly, she accordingly arranged them to please her own fancy. When supper was announced the guests could not possibly repress their feelings to see the soup served in a basin for receiving the offerings at church, the sugar in a censer, and chalices holding the place of salt-cellars, while most of the other articles were more suited to a toilet than a sideboard.

An honest old soldier, Marshal Villars, was so vexed over the folly which had smitten the people, that he could not refrain, when



passing through the Place Vendome one day in his carriage, to stop and harangue the people for a full half hour on their "disgusting avarice." Hisses and laughter were heard on every side, but the old Marshal easily endured this storm, but when, not able to subdue him in this manner, they began to try the efficacy of brickbats aimed at his head they were more successful. But in the end they fared much worse than if brickbats had been thrown at them, and then doubtless their avarice proved as disgusting to themselves as it had been to the old marshal.

But this speculative rage led to murder. Says Francis, who wrote a history of the Bank of England, assassinations and robberies were common. But one case of murder blazed up far higher than any others. Among the noted men of that day was Count Van Horn, brother to a reigning prince, related to half the noble families of France, and connected with the Regent Orleans. A striking description of him has been given to us. "His face was as pale and as beautifully chiseled as that of an antique statue; and a pair of singularly wild and brilliant eyes shed over the whole what might have seemed preternatural light." Amid the excitement of the time Paris was startled by the rumor that a Hebrew stockbroker had been robbed of property worth 100,000 crowns and afterward murdered. The deed was done not in a lonely and unfrequented place, but in the broad day, in a crowded house, and in the very heart of the city. Who had committed this crime? The unfortunate man had been allured to a cabaret, cries were heard from the interior of the room. The waiter locked the door and Count Van Horn was taken almost redhanded. His trial began on the following day, and his relatives adopted a plan to save him, which throws a curious light on the administration of justice at that time. They all assembled at the place of trial, fifty-seven of them, men and women, and lined the long corridor which led to the court room. As the judges passed through this proud array, says Chambers, "they were saluted in a mournful and supplicatory manner by the highest and noblest of Europe, and passed into the hall of trial with their minds strongly impressed, even if their hearts were not melted by the imposing scene."

The evidence was conclusive and the punishment to be broken alive on the wheel was awarded to him. The next step in the way of saving him was a petition praying for mercy on the ground of insanity signed by cardinals, archbishops, dukes, and marquises, and presented to the regent. Many were not sufficiently noble to sign the paper and the honor of claiming blood-relationship with the murderer was keenly contested. But the regent could not be moved. A last resource was to bring the armorial bearings of his mother containing the escutcheon of Van Horn, but to those who thus sought to move the regent, he replied, "Very well, gentlemen, I

will then share the disgrace with you." So Van Horn perished on the wheel after refusing to take a cup of poison offered to him by one of his relatives.

We cannot longer dwell on the crime, madness and unexampled folly which sprang from Law's financial scheme. We must now hasten to notice its defects and the result.

The system itself was by no means an unsound one, but its success depended on the manner of its execution. The conversion of the State debt was possible, but it must be done deliberately to prevent confusion and disorder. Law was hasty and began to put his plan into execution before its details were properly matured. Without specifying all the weak points in his plan, two or three will show how greatly he blundered. He opened subscriptions for the shares of the Indian Company before the creditors of the State had obtained receipts for their debts, and consequently before their securities were in a disposable form, and so others had an advantage over the State creditors which they at once improved. Then Law offered subscriptions at three different times, as if he wished to stimulate the eagerness to buy by satisfying it only in smaller sums. With such management it is easy to see that the subscriptions would be eagerly clutched, and that the movement which ought to have been quiet and steady became precipitate and violent.

A competent critic says, "the precautions which ought to have been taken are obvious. The shares should not have been suffered to rise to 5,000 francs, for this permitted the holders of the first shares to make an unfair profit at the expense of the creditors of the State. The subsequent subscriptions should not have been opened before all the receipts had been delivered, so that not one of the creditors should have cause to complain. It should have been declared also, on the first day, that receipts and State notes alone would be received in payment for shares, so that speculators, who had none of the public debt, should not have the power of taking shares without first purchasing securities from the actual creditors of the State. Lastly, in order to give all the creditors an opportunity to subscribe, the right of paying by instalments should not have been granted; this would have prevented the 1500 million of stock being taken up with 150,000,000 of capital."

None of these precautions were taken, and Law, dazzled by the success of his plan, instead of trying to keep subscribers within a reasonable limit, did everything within his power to stimulate them and to feed the fires of speculation.

It should be added that while the shares of the company rose so high the notes of the bank retained the confidence of the people. The bank still remained separate from the company, and the demand for its notes became greater as the tides of speculation swelled. Large amounts of gold and silver were deposited to pro-

cure them, and their value exceeded that of coin by more than ten per cent. The bank had more than 640,000,000 in circulation at one time. They were not so generally diffused through the provinces as they were through Paris. Law wished to make them still more desirable in the provinces by permitting the conversion of gold and silver into them in the provinces, but forbidding it in Paris. A decree to this effect was promulgated the first of December, 1719. The revenue could be paid only in these notes, and creditors were empowered to insist on payment in the same form. This edict added to the value of the bank circulation by making it more needful than before.

On the first of December, 1719, the speculation was at its height. Some of the stock-jobbers, perhaps wishing to enjoy their fortunes, or perhaps wiser than the rest, believed a decline must soon take place, sold their shares and bought estates, thus exchanging the imaginary wealth for the real thing. They bought splendid houses and magnificent domains, and made a conspicuous display of their vast fortunes. The more eager they became to purchase the more the price of things was advanced. Of course this was to be expected. Cloth, which had previously brought from fifteen to eighteen francs a yard rose to 125. In a cook-shop, a Mississippian, who bid against a nobleman for a fowl, ran the price up to 200 francs. It is said that the first blow was struck by the Prince de Conti, who sent an enormous amount of paper money to be redeemed. Three wagons were required to remove it. Law directed the attention of the regent to the mischief such conduct must occasion, and two-thirds of the specie by despotic decree was ordered to be refunded. Others acted more judiciously. One house, famous for their funding operations, sent notes quietly and by degrees, and, when they had amassed a sufficient quantity of treasure, placed it in a cart, covered it with straw and carried it away. Others purchased large quantities of jewelry, sent it to England or Belgium, and soon went thither themselves. It has been asserted that 500,000 livres in specie left the country. The symptoms of distrust increased. There was a constant drain of bullion from the bank, and the purchase of real estate and all other forms of visible tangible property. The shares, of course, were splendid things for speculation, but not exactly the right kind of property for a permanent investment. At the particular time now under consideration the people had had three months of the wildest speculation. But the fires slowly kindled were to go out suddenly. Law saw with alarm the flight of specie from the bank. He sought to arrest it by prevailing on the regent to issue an ordinance proscribing the use of gold and silver as money, and forbidding private individuals to keep in their houses more than 500 livres in specie. This odious measure caused more than 40,000,000 to be deposited in the bank

within a month. But damaged credit could not be restored by such means, any more than you can stop the flow of the Hudson by throwing into it a shovelful of sand. People sought more anxiously from day to day to cash their notes. Various plans were devised to sustain the credit of the bank and the shares of the company, but we shall briefly refer to only two of them. One was the appearance of Law in the Rue Quincampoix in the full costume of a minister, surrounded by a full attendance of noblemen. He announced that new decrees would be issued whereby the value of the shares would be augmented; that their decline had been due to accident, and that they would soon rise in value. And they did. But he was simply trying [the electrifying process to a dying body. He might prolong its life somewhat, but the death-mark was on it, which no human genius could revive.

Another plan was a general conscription of all the poor wretches in Paris, by order of the Government, who were to be sent to Louisiana. More than 6,000 of the refuse of the population were impressed, provided with clothes and tools, and preparations were made for sending them to New Orleans, to work there in the gold mines. They were paraded day after day through the streets with their pikes and shovels, and then sent off in small detachments to be shipped to America. Two-thirds never reached their destination, but dispersed themselves over the country, sold their tools for what they could get, and returned to their old ways. In less than three weeks over half of them were again in Paris. Just imagine what a glorious civilization might to-day be existing in Louisiana if this off-scouring of Paris had gone there! Of all those who have ever emigrated to the New World, probably these were the choicest! But the trick had the desired effect of advancing the stock of the company, and many really believed that the new Golconda would be opened, which should deluge France with gold and silver.

But their faith did not last long. Fear struck into the hearts of all, and then the decline in the prices of shares and of the value of the bank notes was swift. The rush to the bank to obtain a redemption of the notes was so great that many were crushed to death. The story is told of M. Chiral, principal physician to the regent, when on his way to visit a lady patient was informed that the price of the shares was falling. He could think of nothing else, and while holding his lady's pulse kept exclaiming, "O, good God! it falls, it falls!" The lady greatly alarmed, cried out that she was dying, and did almost expire with fright before the physician could assure her that her pulse was all right, and that his excited remarks had reference to the condition of the Indian Company.

Notwithstanding the efforts of Law and of the regent to save the bank and the company by the most strenuous measures, the end speedily came. No longer was Law a demigod, but the worst of

men. The eagerness of the people to get hold of him and take his life was as great as it had been shortly before to pay him the highest honors they could bestow. His life was not safe, but the regent, who still befriended him, confined him in a place unknown to the people. The following incident will illustrate the feeling towards him. A hackman having a quarrel with a coachman of a private carriage, cried out, "There is Law's carriage." The crowd rushed on the carriage and tore it nearly in pieces as well as the coachman and his master before the mistake was known.

Law succeeded in getting away from France as bitterly hated perhaps as any man who ever fled from French soil. His gigantic financial scheme had come to a sudden and terrible close. Never was a more brilliant financial scheme laid before a people—never was one so badly executed, and so swiftly and disastrously terminated. Though more than a century and a half has passed since that day, the events are so vivid and so impressive that they seem the occurrence of a much more recent time. Wisdom tells us in clearest tones, which cannot be mistaken, that this page of French history which we have been recently sketching should remain forever open.

---

## PITT'S FINANCIAL REFORMS 1784-92.\*

[CONCLUDED FROM THE MAY NUMBER.]

An exciting debate arose at first in the lower house on the budget itself. Sheridan did not let slip the seemingly favorable opportunity of a successful attack upon the minister. The House of Commons on the 10th of July constituted itself a commission of inquiry into Pitt's budget report. Sheridan, Pitt's usual adversary in financial matters, opened the debate with a cutting speech against the entire financial system of the ministry. He accused Pitt of having deceived the nation by concealing the true condition of financial affairs and drawing a fanciful picture of them. Sheridan put his criticism into the four following propositions:

(1.) During the last three years the expenditures had exceeded the revenue by two million pounds annually, and for the next years also a change of this relation was not to be expected; (2.) The calculations of the commission of investigation of 1786 had proved false in all points; (3.) A diminution of the public debt had not been accomplished, on the contrary it was greater than ever; (4.) The present condition of the finances by no means justified any hope of a diminution of the public debt.

These assertions were as exaggerated as the contrary ones of Pitt. They had so much of truth, however, as to give so able a man as

\* From the German of Fritz Kilian in *Jahrbuch für Gesetzgebung*, 1882.

Sheridan material enough for some well-founded representations. It was easy for him to show that the commission of investigation had based their calculations on an undue and impracticable diminution of the expenditures, a fault censured at the time by the opposition. Instead of fourteen million pounds, as estimated by the commission of investigation, the expenditures during the last three years had averaged over seventeen millions. The artillery, for example, had cost annually 600,000 pounds instead of 350,000, as assumed by the commission. With reference to the revenue, Sheridan had to acknowledge at least, that it had kept up to the height estimated by the commission. But even supposing that it had amounted yearly to fifteen million pounds, it had still remained two millions on the average behind the expenditures.

Pitt himself could not answer Sheridan's speech, because he was just then prevented from appearing in Parliament by illness. In his stead Granville the Secretary of State, who had drawn up the report of the commission of 1786, replied. He defended himself successfully against the reproach of having deceived the country. The estimation of the expenditures had been based upon the expectation of peace; new, unforeseen needs had necessitated new expenditures, which should cause the House no dissatisfaction, so far as they had served to maintain England's consideration and power. It might be well also to wait a few years more before passing final judgment on the plan of the commission of investigation in its entirety; he did not doubt but that experience would justify all their conclusions.

Since Pitt had entered the Government, his administration had never been exposed to so sharp and partly grounded a criticism. The great majority of the population, however, did not waver from its faith in Pitt. The financial system of the chief minister had suffered two severe defeats during this session, first by the abolition of the shop tax which he had introduced and sought obstinately to defend, then by the necessity of two new loans in which Pitt saw himself placed, while he had announced that no more loans were to be made, but instead the public debt was to be gradually extinguished. The complaints of the opposition were in part incontestable, and in a country less accustomed to the public discussion of National affairs, the assertion might have easily gained currency, that the ministerial plan had altogether failed, that other courses must be entered upon. Practical as Englishmen are, they understood that despite some errors there was really no reason for a change of system. The annual surplus of one million pounds announced by Pitt had only been obtained during the last three years by budgetary transfers; the ordinary revenue had only balanced with the ordinary expenditure. But the revenue, which in 1783 had given but twelve and a half million pounds, amounted in 1788 to more than

fifteen millions, according to Sheridan's own admission. Pitt's new measures and the visible growth of prosperity must doubtless soon bring up the revenue to sixteen millions. This sum would suffice to cover the expenditures, including the amortization. The time was therefore near, at which Pitt's promises, hitherto not entirely fulfilled, might be realized. Sheridan could, indeed, say with some truth, that the public debt had increased instead of diminished. But in justice he should have added, that the new loans were made necessary for the most part by the debts incurred by former Governments, and that they had been occasioned for the remaining smaller portion by expenditures actually extraordinary. The result of the violent contests was the passage of the budget.

Then the project of the tobacco tax came under consideration. Since it had first become known, there had been a perceptible cooling off of the minds, which in the beginning had burst forth at one another so vehemently. A closer examination of the question had shown all unprejudiced people that the first notes of alarm were very much exaggerated. The entire financial condition of the country was laid before the population, and the necessity of a further increase of the National income had become generally obvious. The hopes of the opposition were wrecked on their defeat in the budget question. The tobacco bill was accepted by a large majority in the session of July 15, though only after a very heated debate.

A member of Parliament asked the opposition, in jest, why they were making such a noise against the bill, since they appeared to have brought themselves to bite into the sour apple with a good grace. Fox replied with a bitterness that shows strikingly how irresistible Pitt's influence had become. If he did not contest the bill more energetically, it was because he had seen from the beginning, that it would be impossible in the long run to attack it successfully. The character of the nation had so changed, that it had suddenly become enamored of taxes and tax-collectors, and especially of the excise, which had ever before been detested by it. Fox continued, "I have not come into this House to-day in the hope of defeating the bill, but with the intention for once of pouring out my whole heart about the excise. And if the tobacco excise should bring in one million pounds annually, I would still oppose its introduction. The probable success of this measure frightens me, because I see in it a sign, that our entire commerce will be gradually exposed to the excise. But the excise is incompatible with our freedom. So far as the excise becomes general, it is over with the freedom, the enlightenment, the industry, and the commerce of the English nation. Are not the store of the merchant, the shop of the artisan just as much their castles, as the abode of the nobleman is his? How does it happen, that it is desired to encroach upon this inviolable asylum of the citizen? How can they dare to rob those

who work of that right to jury justice, which is reserved for idlers? As may be seen, no reasons against the bill but doctrinary exaggerations of its assumed consequences and an unlucky allusion to the *habeas corpus* act."

We have seen that all these specious reasons were unable to spoil the success of the bill. In the House of Lords indeed it encountered resistance, all the more sensible to Pitt, as it proceeded from a member of the Government itself, Lord Chancellor Thurloe. This singular opponent not only intrigued in private against the bill brought in by his associates in office, he even went so far as to deliver in the upper house a long and violent speech against it, in which he called the extension of the excise a monstrous infringement of civil freedom. After the House had constituted itself a commission of inquiry into the project, he contested pretty nearly all its provisions. In this strange campaign against his colleagues he was supported by Lord Hawkesbury, the King's confidant, so that the opposition set the report in circulation that George III had become tired of his minister and wished to get rid of him with the help of Parliament. But this astonishing attack failed also, as well as that of the opposition in the lower house. Lord Thurloe's attack was repulsed by other members of the Government, the Dukes of Leeds and Richmond, and the unchanged bill was accepted. The Lord Chancellor had given reins rather too freely on this occasion to his jealousy of the young minister. King and Parliament were very little edified by it. The censorious lord soon saw himself forced to go out of the ministry. And after this last opposition had been overcome, Pitt remained full master of the situation, a result that did more honor to his country, if possible, than to himself.

This firmness of the public confidence was the more remarkable, as the tobacco bill suffered indeed from serious faults. They showed themselves immediately on the enforcement of the act. In the next session of Parliament (1790) countless petitions and complaints poured in again. Sheridan demanded, therefore, the abrogation of the law, because it was impracticable. The motion was rejected, however. Pitt thought, cleverly enough, of doing away with the reasonable grounds of complaint. He made considerable changes in his law, which facilitated its operation. At the same time he had to go through another disagreeable experience. The Tontine system, which he had introduced the year before, failed; there were not shareholders enough—the shares depreciated. Pitt requested and received more favorable conditions from Parliament. He thought the time had now come to effect the economies in the army decided upon by the investigation commission of 1786. A new diplomatic incident, however, prevented this. A war threatened to break out between England and Spain, on account of the possession of Nootka



Sound, at Vancouver's Island, on the west coast of British America. England carried its claims through without recourse to arms, but new equipments were unavoidable. The prospect of the normal condition accepted by the commission of 1786 seemed to become more questionable at a time when it was most surely expected to arrive.

This circumstance, that might have brought defeat to Pitt, was, on the contrary, to bring him the final success. In spite of the caustic remarks of the opposition, the settlement of the Nootka Sound question, in which Fox and his followers saw a humiliation of England before Spain, was willingly accepted by the great majority of the population. Pitt made use of this favorable disposition towards him—he was a master in seizing upon the right moment—to get rid, once for all, of the deficits accumulated for some years past. He estimated the costs of the extraordinary equipments of 1790 at 3,133,000 pounds. This was, indeed, much, if not too much. The equipments of 1787 had been put much lower by Pitt himself. Probably he incorporated some arrears also with the account. However that may be, he wanted to cover the deficit without a loan, as he was anxious to spare the public credit, and the result was obtained in the following manner: Every quarter of a year the public Treasury turned over to the Bank of England the sums necessary for paying the interest on the debt. A considerable number of the State's creditors did not claim the money due them, so that every year an unexpended item remained of these sums. These surpluses already amounted to 660,000 pounds. Pitt proposed to take half a million of pounds from this amount to meet pressing expenditures. For the rest he was to rely on the floating debt, and to cover the interest on this debt and the gradual liquidation of the capital, Pitt resorted to a new increase of taxation.

This time he did not propose the introduction of new, but the provisional increase of some existing, taxes—those on sugar, English and foreign spirits, malt, &c. At the same time he demanded more efficient supervision to prevent frauds upon the tax on receipts and commercial papers. He had calculated that, in consequence of the opening of these new sources of income, the whole debt acknowledged by him would be covered within four years. These propositions were all accepted without change. No new loans were then made in the years 1790 and 1791. The constant growth of the revenue and the continuance of peace enabled Pitt to fill out all the gaps of the budget during these two years. The amortization, which had hitherto been a fiction, began with the year 1791 to become a reality. To bring together the million pounds every year, designed by him to extinguish the debt, Pitt had been obliged, in five years, to realize five million pounds of extraordinary resources, aside from the indemnity of the loyalists and the other arrears, which were specially paid. These things were now all settled, and the equilib-

rium of the budget, inclusive of the amortization, obtained at last. The patience and confidence of the people were on a height with Pitt's resolution and energy; people and minister were now to reap the fruit of their labor.

On the opening of Parliament in January, 1792, the King could announce, as the general political condition of Europe promised the maintenance of peace, that a diminution of the expenditures for the defence of the country was in prospect, and therewith the reduction of a part of the existing taxes and an increase of the sinking fund. The final and complete success of Pitt's system was thus confirmed. The end striven for, during eight years, with remarkable perseverance had at length been attained. Pitt was met by no contradiction, even from the opposition, when, in his speech on opening the debate on the general financial condition of the country, he noted that the National income now indisputably exceeded sixteen million pounds, and in this respect the conclusions of the commission of investigation of 1786, whose confirmation was so dear to his heart, had proved quite correct. They were right, also, with regard to the expenditures. With the persistence peculiar to his nation, which formed one of the predominant traits of his own character, Pitt had endeavored to carry out the financial plan of the commission of investigation to the very letter. The expenditures, which the budget of 1792 proposed for the so-called state of peace, exceeded the estimates or the commission by only 350,000 pounds.

Thus, in eight years, England's National income had been brought up from twelve and a-half to sixteen and a-half million pounds. The floating debt proceeding from the American War was extinguished; the loyalists indemnified. For the first time in many years the ordinary revenue sufficed to cover the ordinary expenditure, and even showed a surplus available for sinking the public debt; the amortization had obtained a solid foundation. Pitt stated that a further surplus of 400,000 pounds was available for the current year, which he wanted to have added to the sinking fund. He pledged himself to pay off the rest of the debt for the equipments of 1790 from the ordinary revenue, and to abolish at once the additional taxes imposed for this purpose. Other newly introduced taxes, such as the servants, cart, candle taxes, &c., were likewise repealed. In case of continued peace he proposed to do away with some others every year, and at the same time gradually increase the sinking fund. Never, said Pitt, has the general state of Europe justified more strongly the hope of a continuation of peace for the next fifteen years, at least. He needed just these fifteen years to bring up the sinking fund to the highest point foreseen for it. In the year 1808 the fund should have reached four million pounds of sinking income. In the very next year, indeed, events were to cause a great disappointment, and England, in 1792, still hoping for a long peace,

soon saw herself drawn for half a generation into the greatest war known in history.

Only one point in this otherwise true picture could excite doubt; it was a question whether the new surplus of 400,000 pounds would be realized. But of what consequence were 400,000 pounds more or less in the face of so much other great progress? If the announced surplus should not come true for the current year, it might be depended upon for the following year, Pitt's calculations having hitherto always proved to be correct. Beaten at all points the opposition clung to this last doubt; Sheridan declared his intention of refuting Pitt's assertion, and demanded the formation of a special commission for this purpose. Finally, however, he gave it up, and Pitt's victory was thus decided forever.

Unnumbered obstacles of every kind had been overcome before this end; many mistakes had been made. An opposition, which counted the keenest heads of the England of that day in its ranks: Fox, Sheridan, Burke, the ill-will and jealousy of the Lord Chancellor, the declared hostility of the Prince of Wales, the King's sickness, two general elections, had obstructed the way and threatened more than once to bring the great work to disaster. These were the political difficulties only. There were, besides, financial and financial-political ones. The public credit was shaken, a lasting deficit present, making the introduction of new taxes necessary almost every year, the extensive smuggling and frauds had to be suppressed, there were considerable economies to be effected in the army, &c. And yet Pitt's administration displays none of those transformations calculated to dazzle with amazement, with which other financiers have sought to heal financial woes and have only made them worse. On the contrary, it went on with fearful sobriety. All results were slowly, arduously obtained, and Pitt's sole secret in his great work was that he understood order, economy, and perseverance.

It would be easy for modern financial science to exercise an analytical criticism on Pitt's financial system. But the pleasure would only be too cheap a one. What was necessary to be accomplished for that time, Pitt accomplished. Financial systems, too, are the children of their time, and Pitt's administration showed grand progress in comparison with the condition he found on taking office. To financial systems—and this is the fault of our modern theoretical financiers—the measure of individual welfare and individual capacity of production may not be applied in too one-sided a way. Above all should be considered that the first thing is to have the means for the common economy, which is called the State; the second question is how to raise them in the most judicious manner for the individual. The equilibrium will follow at last. From this point of view the old opposition of the direct and indirect taxes

loses much of the sharpness that has been developed on the ground of individualism. Pitt's financial system was based almost exclusively on indirect taxes, which he used for the welfare of his country, as has never been done before nor since. Bold management of the Treasury helped him over the doubts that Adam Smith had sunk into even his mind. He showed how the finances of a great country may be reformed, without being led astray by theories however good. His contemporary, Necker, who was, at the same time, endeavoring to bring the finances of another great country into order, showed where the contrary course leads to.

### PAPER ISSUES IN EUROPE—FRANCE.

Converting francs into dollars at the rate of five to one, the circulation of the Bank of France at two dates was divided, in respect to the amounts of the different denominations of notes, as stated below :

<i>Denomination of Notes.</i>	<i>Amount January 27, 1876.</i>	<i>Amount January 29, 1880.</i>
\$ 1,000.....	\$ 6,000.....	\$ 5,000.....
200.....	179,101,200.....	274,299,400.....
100.....	45,403,500.....	71,698,000.....
40.....	145,040.....	120,360.....
20.....	222,230,420.....	114,338,380.....
10.....	35,764,410.....	2,075,160.....
5.....	296,825.....	136,615.....
4.....	16,205,515.....	1,340,540.....
1.....	346,340.....	197,450.....
Forms out of date....	89,000.....	89,000.....
Total.....	\$ 499,591,440.....	\$ 464,294,875.....

Between January, 1876, and January, 1880, the Bank of France passed from a state of suspension to coin payments, and while it reduced the amount of its aggregate circulation only seven per cent., it made a radical change in the character of it by reducing its notes of the denomination of twenty dollars and less, from \$274,932,510 to \$118,177,145. This made room in the channels of circulation for \$156,755,365 of additional coin, and principally gold coin, inasmuch as the decrease in the twenty-dollar notes amounted to \$107,892,040. Whether this was the object of the Bank's change in the character of its circulation, or whatever its object, or objects, may have been, the fact remains that of its total note issues of \$464,294,875 on the 29th of January, 1880, \$346,117,730 was in denominations above twenty dollars, whereas of its total note issues of \$499,591,440 on the 29th of January, 1876, only \$224,658,930 was in denominations above twenty dollars.

On the 25th of January, 1883, the circulation of the Bank had increased to \$579,905,641, of which there were \$216,244,680 in twenty-dollar notes, and \$47,251,490 in ten-dollar notes. As compared with January, 1880, there was an increase of \$115,610,766 in the aggregate circulation, of \$101,906,300 in the issue of twenty-dollar notes, and of \$45,176,330 in the issue of ten-dollar notes.\*

In the French Chamber of Deputies at the end of 1880, there were discussions upon the then existing facts of a balance of trade adverse to France, of a flow of coin out of the country (necessarily gold coin, as its silver coin is practically non-exportable), and of the new demand for coin believed to be impending from a resumption of specie payments by Italy. The French Minister of Finance, M. Magnin, stated that the Cabinet had advised the Bank to meet the emergency by increasing its issue of notes of and below the denomination of twenty dollars, and if necessary, by raising its rate of discount, but to resort in the first instance to the expedient of enlarging the circulation of small notes. He referred to the unusual abundance of gold in the circulation, and it is evident from the policy which he recommended to the Bank, that it was the opinion of the Cabinet that no harm would result if some part of this gold was exported and its place supplied by paper.

The ordinary practice of the Bank of France hitherto, in quiet and peaceful times, has been to keep its circulation about equal to its coin, and as private deposits in it have been very small, its circulating notes have not much affected the volume of the French currency. These notes have been principally of large denominations, and the monetary circulation has been mainly metallic. In January, 1870, just before the Franco-Prussian war, the circulation and coin stood at the same figures of \$240,000,000. As a consequence of the disasters of that war, the coin fell to a minimum of \$79,750,000 in February, 1871, while the issue of notes was largely expanded, in order to supply the necessities of the Government, and in order also to prevent a disastrous contraction of the volume of money which would otherwise have resulted from the outflow of coin from the country, from the war indemnity demands of Germany and other causes. The maximum expansion of the issue of notes was reached October 31, 1873, when they amounted to \$614,000,000.

During the two years from October, 1879, when the Bank had got back to its ordinary condition of a substantial equality between its coin and its circulation, and October, 1881, after enlarging its issues of twenty-dollar and ten-dollar notes as requested (which

\* The denominations of the Bank of France notes at the two dates named below were as follows :

	January 26, 1882.	January 25, 1883.		January 26, 1882.	January 25, 1883.
Above \$20.	\$341,963,620	\$305,247,980	Below \$10.	\$1,323,485	1,161,491
\$20.	192,533,040	216,244,680			
10.	34,643,290	47,251,490	Total.	\$570,463,335	\$579,905,641

means directed), by the French Cabinet, the relations of coin to circulation was changed as follows:

	Oct. 16, 1879.		Oct. 14, 1880.		Oct. 13, 1881.
Coin.....	\$413,445,000	....	\$370,765,000	....	\$361,305,000
Notes.....	434,685,000	....	466,135,000	....	536,435,000

The addition to the volume of the money of a country by bank notes is the excess of their quantity above the metal held in reserve for their redemption, and in the French case, this excess, which was \$21,240,000 in October, 1879, rose to \$175,130,000 in October, 1881. This seems to have been the maximum to which the controllers of French finance have as yet inclined to go. On the 5th of April, 1883, the coin in the Bank was \$409,864,558, while the circulation was \$577,225,873, thus making the excess of its circulation over its coin \$167,411,315, or rather less than it was in October, 1881.

It will be a convenient preface to some comments upon the policy of bank-note expansion dictated by the French Cabinet, or at any rate concerted between the French Cabinet and the French Bank, to quote the following British view of it from the London *Economist* of December 11, 1880, in which some of the observations of the French Finance Minister (M. Magnin), in the Chambers, were reported:

If the exchanges remain or become adverse to France, the Government may delay raising the rate of discount, but the drain of gold will not be found to have been averted; it will even be facilitated by increasing the paper circulation. The method proposed is but a palliation. The only safe course for a Bank to take, when it finds that its metallic reserve is being drained away, is to raise the rate of discount till the drain ceases.

Exact accuracy requires it to be stated that no such fact then existed, or was threatening, as the draining away of the metallic reserve of the Bank of France, but there was in progress a draining away, by exportation, from France as a country, of some portion of its metallic money. But it is certainly true of either species of drain, that it could not be arrested by the Bank except by so reducing French prices by raising its rates of discount, or contracting its paper issues, as to turn the balance of trade and the foreign exchanges in favor of France. That method of dealing with a metallic drain is the only one known in British practice, and it may be said without offence that the British mind, with all its solid and useful qualities, has very little flexibility or capacity of adopting new ideas. It is nevertheless quite clear that there are at least two other methods of dealing with a metallic drain from a country:

*First.* To let it run its course until it corrects itself, as it finally will, by lowering prices in the country from which the drain is going on and raising them elsewhere.

*Second.* To supply by paper issues the place of the metal drained away.

The second method was absolutely forced upon France by the memorable disasters of its last war with Germany. Its adoption at the end of 1880 was not absolutely forced by the situation, but that it was the most expedient course under the circumstances was generally believed in France, and, undoubtedly, upon many good grounds. By the diminution of \$156,755,365 between January, 1876, and January, 1880, in the issue of bank notes of the denomination of twenty dollars and less, the circulation of gold coins (the coining of silver having been suspended in August, 1876), must have been increased to the same amount, or very nearly, and had become large beyond any former precedent. One estimate of the gold in the Bank and in circulation at the end of 1878, made by M. Foville, an ex-minister, but upon insufficient data and unquestionably very extravagant, approximated \$1,000,000,000, which down to that time had been the generally accepted estimate of the total gold and full-tender silver coin in France in and out of the Bank. According to the prevailing French view, the gold in circulation in 1880 was superabundant, and the export of some portion of it (to be replaced by bank-notes) would do no harm at home, while it would be beneficial to French commerce by relieving the gold constriction elsewhere. Beaulieu, of *L'Economiste Française*, was a conspicuous advocate of that opinion.

It was said at the time that the French Cabinet, in preferring an expansion of the note circulation of the Bank to a raising of its rate of discount, was influenced more or less by the fact that the latter method would make the terms of some impending Government borrowing more onerous. The motives for public policies are always various, and are frequently either wholly or partially misunderstood. It sometimes happens that very wise policies are adopted for very foolish reasons, and it would be unfortunate for mankind if their rulers might not make lucky as well as unlucky blunders. Whatever may have been the motives influencing the French Cabinet and Bank, the excess of French circulating bank notes over the coin held in reserve for them increased from \$21,240,000, October 16, 1879, to \$167,411,315, April 5, 1883, thus adding \$146,171,315, not to the money of France, but to the money of all countries whose currency is at the metallic standard, inasmuch as the ever active and irresistible tendency to an equilibrium of prices between such countries, soon causes an addition made to the monetary circulation of any one of them to be equally diffused over all of them. This expansion of the French circulation came at an opportune moment for the interests of the commercial world, which has been suffering a recent decline in

the prices of commodities in consequence of the absorption of approximately \$100,000,000 of coin in the Italian resumption of specie payments, and of the general fact that the quantity of gold and silver money does not increase *pari passu* with population and exchanges, the gold production being stationary, and the mints of the commercial nations being closed against silver, with the exception of the trifling annual coinage permitted in this country. The French monetary expansion has not prevented the decline of prices, but has mitigated the degree of it.

It is quite plain that the proportion of paper in the circulation of France might have been increased much more, without endangering the preservation of the currency at the metallic standard. As a means of monetary relief, paper still remains for France an almost untouched resource. Its currency is to-day a greater gold and silver mine than has ever yet been discovered in the world within historical times, and may be made to yield up its treasure without engineers, hoisting apparatus, crushers, smelters, or amalgamation works. Nothing is needed except that the French people should "*conquer their prejudices*" against circulating notes. They have made some progress in doing that since 1827, when Blanqui says it was not easy to use such paper outside of Paris. Under the pressure of the disastrous results of the Franco-Prussian war, their note circulation, although run up to \$614,000,000, did not in any degree lose favor and acceptability, and it was all the while sustained at a parity of value with coin by the fact that it did not expand the currency by being an addition to it, but was in the main only a substitution for coin which had been exported. But however brought about, and in whatever way sustained in value, the large issue of paper in consequence of the disasters of the Prussian war served to accustom the French people to the use of circulating notes, and the effect of that has been to make them more acceptable. This is shown by the remonstrances of the Chambers of Commerce in Bordeaux and some other French cities against the diminution between 1876 and 1880 of the twenty-dollar and ten-dollar notes, and the manifest favor with which the increase of these notes and of the aggregate circulation of notes since the end of 1880 has been received in France. Monetary changes are rarely, if ever, brought about in any country by theories, reasonings, and didactic essays, but they come as the consequence of political and National events, and the utmost which legislative intelligence, or lack of intelligence, ordinarily accomplishes, is some modification of the effect of such events. Nothing short of a tremendous war would have given this country the greenback currency, which is, notwithstanding some imperfections, the best paper money it has ever had. The pressure of no calamity less than that would ever



have weaned us from the measureless folly of permitting private persons, associated into banking companies, and not amenable to the National authority, to periodically unsettle all prices, break down all industries, and rob alternately all creditors and all debtors by their pestiferous paper issues. If the French shall hereafter use relatively less metal and relatively more of the notes of the Bank of France, it will not be because any new dogmas of political economy and currency can be made to prevail in that country by argumentative discussions, but because the Government becomes hard pressed in its finances and requires some special facility for borrowing, or because the fear of revolutionary disorders forces some new stimulation of industries, or from some similar cause and without reference to doctrinal theories. The French are habitually slow and conservative in matters of finance, but the events of the last decade have prepared the way for the Government to issue more paper through the Paris Bank, which is practically controlled by the Government, and at this distance the probability seems considerable that additional issues will be made within a few years to come.

It is possible for France to economize the use of money, so as to be able to dispense with some of the metals, even if it does not increase the amount of its circulating paper. The system of depositing in banks, of payments by checks and of Clearing Houses, has as yet received very little development in that country as compared with England and the United States. The monthly clearings of the Clearing-house banks of Paris (the only French city in which bank clearings are made to any extent) was only \$67,539,971 in February, 1883, and \$76,165,326 in March, 1883, whereas the average monthly clearings during the year 1882 were \$1,278,083,013 in New York, \$92,508,708 in Boston, \$73,232,780 in Philadelphia, and \$59,414,138 in Chicago. During the two weeks ending April 11, 1883, the weekly clearings of the London banks averaged \$645,742,500.

The effect of economizing expedients in the use of money, although far less than what it is commonly supposed to be, is nevertheless considerable. Judging from past experience, the progress of the extension of these expedients in France is likely to be very slow, and it cannot be hastened by any exercise of Government authority. But that there is so much room there for its extension, is one of the facts of the situation which is worthy to be taken into account, in view of the actual and threatened constriction of the money of the nations keeping their currencies at the metallic standard.

GEO. M. WESTON.

NEW YORK, May, 1883.

## ON THE THEORY AND PRACTICE OF SCOTCH BANKING.

[CONCLUDED FROM THE MAY NUMBER.]

Our average circulation in the hands of the public for the four weeks ending 16th December last was very nearly six and one-half millions. The wants of the banks for till money, that is, the money with which during each day the business is carried on, will vary, according to the number of branches of each bank, but judging from my own experience, a sum equal to one-and-a-half times the circulation is every day in the year held, and used to a greater or less extent at the various bank offices. That makes nearly ten millions required for till money, which added to the circulation, gives a total of above sixteen millions. We hold fully four and one-half millions of coin, of which, if the circulation were withdrawn, perhaps three millions would be liberated, and therefore falls to be deducted from this total,—the balance being upwards of thirteen millions. Allowance should further be made for the economy which would arise from legal-tender notes being at once reissuable, and deducting two millions on this score, you still have eleven millions to be abstracted from the resources of the banks, at present available for lending to their customers, in order to supply the tools with which our business is now conducted, and efficiently conducted at no expense, except the cost of notes. It would be wasting time to point out to a body of bankers what an abstraction of more than a tenth part of the whole available resources means as regards our borrowing customers. I am very far from saying that it would be an unmitigated evil to the banks, for contracted lending power means higher rates and less competition in lending; but I do say it would involve serious consequences to a large class of industrious borrowers, who hitherto have been dealt with on equal terms with their richer neighbors. The money market of London is always open to wealthy merchants having paper of the first class to discount; but, I fear, that the trader with nothing but his local bills, good enough in themselves to those who know the people, would be looked at askance in the city.

But beyond this abstraction of resources for till money, many branches, opened solely because of the facility which the right of issue gives, would of necessity be closed. And it is difficult to estimate the extent to which this would curtail the resources of the banks. Some one in the committee of 1875 reproached us with sweeping the country of its floating money. Probably no greater compliment could have been paid to the efficiency of Scottish banking. A bank office is to be found in the remotest districts both of the country and of the large towns, and a very numerous class of small traders, having individually balances of small amount, but in the aggregate making a large sum, have been induced to open bank accounts, solely because a bank office is at their door. This not unimportant part of the resources of the banks no doubt must, to a considerable extent, disappear with the withdrawal of such branches.

I could scarcely avoid discussing this question of issue when it came in the way. For my own part I look on the future with perfect equanimity as regards the interest of the banks. If the public desire a legal-tender issue, of which as yet I have seen no evidence, and if they are willing to pay the price, good and well—they will probably sooner or later get it, but if they think the price too high, it will not be wise to bury their heads in the sand and ignore the course of events.

SECOND: DEPOSIT.—Passing now to our function as banks of deposit, we are again without any statistical information for a very long period. At the commencement the banks were issuing establishments, and little else. We have already seen that in 1704 and 1728 the notes of the Bank of Scotland constituted its only liability to the public, and during the first half of last century the deposits must have been of very limited amount. I find that the total liabilities of the Royal Bank to the public, including notes, amounted in 1730, two years after commencing business, to £124,000, in 1750 to £226,000, and in 1760 to £308,000. It was about this time that the practice of receiving money at interest was introduced, and many of the private banking companies were established, and the deposits must, during the remainder of the last century, have increased rapidly. In the beginning of this century the total amount was probably six or seven millions. In 1826 it was estimated at twenty to twenty-one millions, and we know that in 1845 the amount had risen to thirty-three millions. From 1865<sup>4</sup> we have complete statistics. In that year the deposits stood at fifty millions, and now they are eighty millions.

The deposits comprise balances on current accounts and sums lodged on interest receipts, which are regarded as of a more permanent character. The receipts carry interest, as a rule, at one per cent. below the Bank of England minimum. On all current accounts, whatever may be the balance, interest is also allowed, but at lower rates—the customer electing whether it is to be calculated on the daily balance or on the minimum monthly balance. In practice the former is preferred. I find that over the 10 years, 1872–81, while the average Bank of England minimum was 3.38 per cent., the banks allowed on deposit receipts 2.57, on the daily balance 1.04, and on the minimum monthly balance 1.62. All deposits are held at call, and commission on current accounts is entirely unknown.

Interesting information was laid before the Parliamentary Committee of 1875 by the Scottish banks and by the National Provincial Bank of England in regard to the deposit branch of their business. The returns disclosed a close, almost an absolute, similarity in their experience, for which most bankers were unprepared, for it was the impression that the English joint-stock banks had scarcely reached that class of the community which we, by the spread of branches, had long ago induced to open bank accounts. It turned out, in fact, that the resources of the largest of the London Provincial banks were drawn from precisely the same classes as with us, and I think we may take credit for having set the example which has been followed with so much success by our powerful neighbor.

These statistics were so striking that I felt anxious to see whether the experience of subsequent years would confirm them, and since 1875 I have, at each annual balance, had the deposits of the Royal Bank analyzed, and I give you the results. In the table appended

(No. II) you will find classified, according to amount, the percentages of the number of depositors and of the amount of the deposits: (1) of the National Provincial Bank in 1874; (2) of the banks in Scotland as a whole in 1874, and (3) of the Royal Bank on the average of nine years from 1874 to 1882, both inclusive, with the maximum and minimum during those years. Considering that the returns of 1875 dealt with upwards of 540,000 persons, the almost complete uniformity of results, confirmed, as I think you will hold them to be, by the additional information now given, is not a little remarkable.

I have submitted these figures in the hope that if they are regarded as interesting, the great London banks, and especially those of them with numerous branches in the provinces, may be induced to take the very small trouble which a similar contribution on their part to valuable statistical information would entail. I need not point out that it in no way reveals secrets.

Fully two-thirds in amount of the deposits with the Scottish banks are on receipts, and rather less than a third are balances on current accounts.

THIRD: DISCOUNT AND LOAN.—We have now to consider how the banks in Scotland use their resources, and before dealing with ordinary banking advances, by way of discount or loan, it is proper to advert to the subject of reserves. As all our liabilities with the exception of the item of acceptances are payable on demand, this subject is of prime importance. Obviously no fixed rule can be laid down, for each banker must be guided by the nature of his own business, and by his past experience; but in a system so “self-contained” as that of Scotland, there ought perhaps to be less of diversity than elsewhere. Temperament enters naturally into the question, and the man who is neither over-sanguine nor unduly timid, is of course the model banker, but he is rare.

We get a good deal of advice from the south, and we often hear that it is our duty to keep our own reserves, and not be obliged to draw on the reserve of the Bank of England, when it is sufficiently attenuated by the requirements of the city. Rather inconsistently with this advice, another monitor will tell us that the only true reserve is our balance with the Bank of England. Presumably this balance is kept for use, and how it is to be used without doing the very thing of which our first guide complains, I don't know. We try, however, to profit by all well-meant advice. But on this subject of reserves we find by experience that we are enveloped in paradox. *First*: Everybody agrees that legal tender is the best reserve—gold is the only legal tender in Scotland—we have four or five millions of it in our vaults, and yet, strange to say, it is just the thing which, so far as the memory of man extends, has been practically useless as a reserve. I say practically, for of course a general break-down of credit is a *possible* thing, when nothing but gold would be accepted; but the very worst example of recklessness known in the history of banking, failed to bring about such a state of matters, and we can scarcely exceed our past iniquity. *Secondly*, our liabilities are almost wholly payable in Scotland, but Scotland is just the place where our reserves are not to be found. They are here in the city of London, for here the settlement of all our obligations centres. *Thirdly*, and most singular of all, the instrument which, throughout the history of banking in Scotland, has been, in all times of difficulty and distrust, the most efficacious

for the prevention of panic, has been our own notes. I do not mean that the notes of particular banks in good credit have served this purpose. I mean, literally, that a discredited bank has, when run upon for its deposits (and a run of any other kind has not been known), met the demand by handing over its own notes. You will not suspect me of suggesting that my countrymen are so wedded to bank notes, or so stupid as to accept the sign for the thing signified. The explanation of what appears so contrary to reasonable expectation is sufficiently simple. Gold is not wanted, if anything can be offered which will suffice to transfer the indebtedness from the discredited to a trusted bank. Notes effect this so long, but of course only so long, as other bankers continue to accept the notes of a distrusted bank, and to substitute their good credit for that in which faith has been lost. No graver error was ever committed than the resolution adopted by the Scottish banks in 1857 on the failure of the Western Bank of Scotland, to reject the notes of that bank. It was repented after a single day's experience, but that day was a perilous one, and had the resolution been adhered to, it is not pleasant to conjecture what might have been the result. The Western Bank had for several weeks before its failure been subjected to a serious run by its depositors, but they, in a quiet orderly way, presented their cheques, got payment in the bank's own notes, and immediately handed them over to some other bank in which they had greater faith. Of panic there was none till after its doors were closed, and there would have been none, even then, but for the resolution to which I have referred, just as there was no panic at the failure of the City of Glasgow Bank. The suddenness and magnitude of that failure were calculated, if ever any failure was, to create a great panic, but the other banks wisely resolved to accept its notes. There was a slight shuffling about of deposits for a time but gold was never wanted.

I have referred to this phase of practical banking in Scotland, because it illustrates forcibly not the least important function of our system of issue. In the two cases referred to, but for the part which issue played, it is difficult to see how great disturbance could have been averted. If a legal-tender issue had existed, the process of hoarding would most likely have set in, with an indiscriminate rush for deposits, and the supply of notes would very speedily have been exhausted. The safety of the existing system has always been that a bank distrusted could meet demands in a form which retained its power of transferring indebtedness, and that the creditor was *compelled* to discriminate between bankers, and to trust some one. Hoarding has been completely unknown.

This digression has led me away from the form of our reserves. I would say briefly that a bank in Scotland maintains several lines of reserve: (1) It has at home its coin, the utility of which is *practically* as I have explained not of first importance. (2) Next, and of most importance for the ordinary requirements of business, that is, for *probable* demands, there is the cash balance with the Bank of England or other London banker. (3) Then comes money placed at call or short notice in London. If all these should be exhausted recourse would be had to (4) Government securities, and, should a persistent demand still continue, we would no doubt be obliged ultimately to resort to (5) the Bill case. The traditions of Scottish banking are, however, all opposed to rediscounting, and nothing but great pressure would be held to justify it.

Ordinary banking advances are made in Scotland in the two

forms universal in banking—of discount of bills and advances on current accounts, and in the third form, peculiar, I think, to Scotland, of cash credits. The nature of these credits, their importance to the country in the early days of banking, their value to customers still, have been so often described, that I need not dwell on them. My only remark is, that their chief value to the banker in early days lay in their being the vehicle for promoting the circulation of his notes; but this advantage ceased on the passing of the Act of 1844, and probably long before. Unless granted with extreme caution, not merely as regards security, but also with reference to aggregate amount, cash credits are an insidious form of banking. All ordinary advances may occasionally be attended with loss, but nothing worse can happen. A rash banker is tempted to grant cash credits in times of ease, because he could then lend the money with comfort; but the essence of the arrangement is, that so long as it subsists, the relations of the banker and the customer are reversed, and for whatever part of the credit may from time to time be unused, the customer is in a very real sense the creditor of the banker, who is bound to honor drafts up to the prescribed limit, just as much as if the customer had that amount at the credit of his account. And such drafts are most likely to make their appearance at the time when the banker least desires them. The system has always worked well in practice, however; it has rarely been attended with loss, and in so far as the money is actually advanced, it is as judicious a mode of lending as any other, where the banker looks to ultimate safety, and not to repayment at a definite date. The danger lurks in the aggregate of the margins between the actual amounts drawn and the defined amounts of the credits granted.

As to the two common forms of advance by way of discount and loan, there is nothing in our practice distinguishing it from that of bankers elsewhere. We make special loans for definite periods on security as you do. We cannot avoid overdrafts altogether, but we discourage them. We find, as I daresay, English bankers with a number of branches do, that their representatives at the branches exhibit a leaning to the customer rather than to the bank—a feeling which, within proper bounds, is to be respected—that popular or liberal banking at a branch too often means loss, and that the bit has occasionally to be applied from headquarters. All the same, so far as my experience goes, the gentlemen carrying on the business at the branch banks in Scotland are distinguished by thorough integrity and great prudence, by anxiety to promote the interests of the establishments with which they are connected, and, looking to the very active competition which exists, they manage to steer singularly clear of losses.

The supervision of a great number of branches is necessarily continuous, strict, and anxious. Every branch is inspected once a year, the more important twice, and some even more frequently, at irregular intervals, and without notice. All their transactions are reported to headquarters, where a large staff is engaged in scrutinizing and criticising them, in requiring explanations, and in calling attention to any departure from rule or what seems prudent.

With regard to the rates of discount and interest, these are uniform all over Scotland, and are changed with reference to every variation in the minimum rate of the Bank of England. The only exception made is with reference to remitted bankers' bills, which are discounted at the market rate of the day in London. I give

in the Appendix (No. III) a table of the average rates allowed on deposits, and charged on bills and loans in each of the years 1872 to 1881 inclusive, and I would ask your attention to that table. for I doubt if in any country in the world, banking accommodation is afforded on equally favorable terms to the customer, whether he be a millionaire or a small trader. It appears that on the average of these ten years, our rate for three months' London bills has been 3.63 per cent., and never exceeded four per cent., except in the years 1872 and 1873—for local bills, that is, bills payable in Scotland, it has been 4.11 per cent., while on the balance due on cash credits, with all the facilities which they afford, it has been 5.01 per cent.\*

Such being the system of banking in Scotland, it will naturally enough be asked—What are its results? Morally, I think, we have been valuable educators of the people in habits of frugality. We have also tried to do our part faithfully in encouraging honest industry and prudent enterprise. Lord Overstone, on one occasion, surprised a Parliamentary Committee by the statement that throughout his long banking career he had very often advanced money “to persons of character who, in some cases, have no security to give, but who, in all cases, have no security to give equal to the amount advanced to them, except that best form of security—their character, their energy, and their prudence.” Banking in Scotland has, I think I may say, been conducted in that spirit, although it not unfrequently happens that a borrower and his banker may not be entirely at one as to the possession by the former of these important qualities.

As to pecuniary results we do not contrast very favorably with English banks, and as I am sure we do not make more losses than they do, it would seem to follow that they are able to dispense their resources on better terms than we are. I give you in the Appendix (No. IV) a table for the year 1882, showing the total resources of the banks in Scotland, their paid-up capital, their rest or undivided profits, the dividends paid, and the amount of profit carried to rest or forward to next account. Any calculation of results in individual cases is necessarily fallacious, for no two banks are alike in all the elements of capital, resources, character of business, &c., which should enter into it, but taken overhead it appears that the dividends, amounting to £1,114,500, are equal to 12.31 per cent. on the paid-up capital of £9,052,000, and to 7.61 per cent. on proprietors' funds, including both capital and rest, amounting to £14,640,905. Combining the sum paid as dividend, and the sum reserved at rest, &c., amounting together to £1,205,495, which may be taken as the net profit, it shows 1.14

\* We have of late heard some dissatisfaction expressed with regard to discount rates. There is no doubt that the Scottish banks, ever since they were established in London, profess to conduct, and, so far as I have knowledge, do conduct their business there exactly on the same footing as other bankers in London. I have no reason, therefore, to doubt that bills have been discounted in London at the rate of the day, which might be under the rate for the time in Scotland, especially if a high Bank of England rate ruled. But on the other hand, I can say that I have frequently known the rates in London to exceed the rates charged in Scotland. Moreover, every person in good credit may, if he so choose, have a London account, and send his bills there for discount, but with any advantages thence arising he must submit to the disadvantages, one of which is, that he must keep a balance on his current account without interest; and probably at the end of the year, and most certainly, I should say, on the average of a few years, he will find that he would have been as well to have stayed at home. The banks of Scotland, whether at home or in London, do not pretend to compete with what is known as the street rate of the city. It must always be optional to our customers in high credit to resort to the bill brokers when they find it suits them, bearing in mind, however, that on occasion customers have been known to be turned back on their banker with the answer “not convenient.”

per cent. on the total resources of the banks amounting to £105,479,775.

I may, on this subject, without disclosing any secrets, go a little behind published balance sheets. Dealing with a period of ten years from 1872 to 1881, I find that the deposits of the Royal Bank stood to its total resources in the ratio of five to seven as nearly as may be. The gross earnings of the bank in the shape of interest, discount, returns, from investments, &c., arising from the employment of its resources, after deducting expenses, may be called  $x$ , and five-sevenths of  $x$  will represent the proportion of the earnings attributable to the deposits. This proportion being stated as 100, I find that over the ten years the amount paid 'as interest to depositors was 79.6 parts; in other words, the bank at its own risk lent out continuously, for ten years, eleven millions (as the mean) belonging to the public, and handed over to the public as interest four-fifths of the product. I believe you will agree with me that our depositors at least have no ground of complaint.

I may also give you the result of another calculation applicable to the same period, intended to test the productive value of the resources of a bank in Scotland. Taking the mean of the total resources of the Royal Bank for these ten years, and deducting the items of coin, Bank of England balances, and cheques, &c., *in transitu*, which produce no return, the balance being in use all the year round for banking purposes and investment, I find that the gross earnings, *making no deduction for expenses or losses*, yielded overhead 3.83 per cent. Of course the return has been low for four or five years, but it was high during the early years of the period.

If the test of profit be applied to the so-called monopoly of the Scottish banks, it would not, judging from the results I have put before you, appear to be a very oppressive one. I wish, however, before closing, to notice this subject of monopoly, for there has been a good deal of discussion regarding it, both in and out of Parliament. There is no doubt that we have a monopoly of issue; that was one of the avowed objects of the Act of 1844. But it is said this has resulted in a monopoly of banking, as proved by the two facts, that the banks, nineteen in number, at the passing of the Act of 1845, have now been reduced to ten, and that no new bank has been established since 1845. I need scarcely point out that this is the old *non sequitur* of Tenterden Steeple and the Goodwin Sands. The charge of monopoly has been so persistently dinned into our ears without meeting contradiction, that it has almost come to be accepted as true. I venture to meet it with an absolute negative. If it be the fact as I assert (1) that the same causes which have led to the diminution in the number of banks since 1844, were in operation with a like result for a long period before 1844 under a system of free issue, and (2) that under a precisely similar state of the law, banks having no rights of issue have been established and carried on successfully in another country, then it is manifest that the Act of 1844 cannot be the author of influences which operated before it passed, and cannot be the cause of that in Scotland, which it has not occasioned elsewhere. If, before the so-called monopoly began, banks were being rapidly absorbed in Scotland, and if, since 1844 new banks have been successfully carried on and established, despite of that monopoly, in Ireland, some other explanation must be found of the admitted fact that no new bank has entered the field in Scotland.



Now, you will find from a parliamentary return (No. 250, Session 1864) that at first January, 1819, there were thirty banks in Scotland, and on first January, 1845, there were only twenty. This, however, by no means measures the discontinuance of banks during the interval, for of the thirty existing in 1819 no fewer than twenty-two had ceased to exist before 1845, and of the fifteen new banks established between those years three were discontinued before the passing of the Act of 1845, and two more before it came into operation, so that at 3d January, 1846, when the first return of the circulation was made there were only eighteen banks. The outstanding fact, therefore, to which I invite attention is, that during a period of twenty-five years, when absolute freedom of issue prevailed, the attractive power of the larger institutions was so strong that they absorbed no fewer than twenty-seven of their smaller neighbors. Under the new system precisely the same economic forces which were in play under the old system have continued to operate and precisely the same results have followed.

Then, as to the establishment of new banks, to say nothing of the numerous branches or agencies of Indian and Colonial banks established in Scotland, I ask you to look at the position of matters in Ireland, where the law is identical with that of Scotland. Ireland, under the Act of 1845, had, and still has, an authorized circulation of £6,354,494, divided among six banks. Scotland had, under the Act of 1845, an authorized circulation of less than one-half, or £3,087,209, divided among nineteen banks, but now reduced to £2,676,350, divided among ten banks. *Prima facie*, if the act gives a monopoly in Scotland, it must operate in the same direction in Ireland, where the privileges of issue are very much greater and in fewer hands. But in Ireland there are three banks without any right of issue, two of them established before 1844, and one so recently as 1864. It is said that a new bank could not plant branches without the right of issue, but one of these Irish banks has forty-seven branches, a second five, and the one last formed has forty-six. Again it is said that a new bank could not be carried on with profit without this right, but the Hibernian Bank pays a dividend of eight per cent. on a capital of £500,000; the Royal Bank of Ireland pays fourteen per cent. on a capital of £300,000, and the Munster Bank pays ten per cent. on a capital of £525,000. They have besides accumulated out of profits reserve funds amounting to £215,000, £200,000, and £275,000 respectively.

In the face of these indisputable facts it is vain to talk of the Scottish banks having a monopoly. I am not disposed to admit that my countrymen have less energy than Irishmen, or a less keen eye for a profitable venture. The door is open for any number of new banks, native or foreign, and if they have not entered it is for very different reasons from those generally assigned; the reasons, namely that other fields promise more tempting results, and that the banking facilities already offered in Scotland are so ample and so cheap that there is no room for successful competition.

It is well worthy of public consideration, however, whether if this imaginary monopoly were to be got rid of, another of a very much more objectionable and dangerous kind may not be created, if as a condition of that riddance, the exclusive power of issuing legal-tender paper currency were vested in Governments, dependent on fluctuating public opinion, and subject to political influences.

I must apologise for the length to which these remarks have extended, and in bringing them to a close I would not like even to seem to avoid reference to the blots left on Scottish banking by the failures of 1857 and 1878. They teach many valuable lessons, but I cannot read them here or now. One, however, all of us may take to heart, and that is, that moral cowardice, want of courage to face a difficulty in its initial stage, is seen by invariable experience to be the first and the fatal step in the facile descent which ends in disaster. Scotland may, I think, take credit for this, that the stricken shareholders have done their duty well and nobly, and that the community exhibited, with a rare munificence, their sympathy with the sufferers. The banks, also, did their best to support and maintain public credit, not without success, and the painful business of liquidation has been speedily brought to a close.

I am not sanguine enough to suppose that I have succeeded in securing your assent to all I have said, for in some branches my subject bristles with points of controversy. I must ask you to take the views now presented as mine alone, for I have no mandate to speak for others. Such as they are I have expressed them quite frankly, I hope with moderation, and without undue partiality.

---

## TAXATION OF BANKS.

U. S. DISTRICT COURT, WESTERN DISTRICT OF PENNSYLVANIA.

*The Second National Bank of Titusville v. Caldwell.*

Under the Pennsylvania Act of June 10, 1881, entitled "A supplement to an act entitled 'An Act to provide revenue by taxation,' approved the seventh day of June, one thousand eight hundred and seventy-nine," the real estate of a National bank is subject to taxation distinct from its other capital.

A license tax imposed by city ordinance upon a National bank, being a tax upon the operations of the bank and a direct obstruction to the exercise of its corporate powers, is unconstitutional; but the ordinance not undertaking to make the tax a lien and giving an action of debt only for its collection, the bank is not entitled to equitable relief by injunction.

Opinion by Acheson, D. J.

The plaintiff's claim to exemption from local taxation on its real estate rests upon the assumption that section 17 of the Act of Assembly of June 7, 1879, P. L. 112, entitled "An Act to provide revenue by taxation," is still in force. That section enacts that "in case any bank or Savings institution, incorporated by this State, or any National bank, elect to collect annually from the shareholders thereof a tax of six-tenths of one per centum upon the par value of all the shares of said bank or Savings institution, and pay the same into the State Treasury on or before the 20th day of June in every year, the shares, capital and profits of such bank shall be exempt from all other taxation under the laws of this Commonwealth." And if the plaintiff's hypothesis that this law is in operation were correct, there would be good ground for its complaint that its real estate has been illegally assessed with local taxes; for it was held in *County of Lackawanna v. First National Bank of Scranton*, 94 Pa. St. 221, that the banking house of a bank is part of the capital represented

by its shares of stock and a tax upon the par value of the shares is a tax upon it.

But after that decision was made the Legislature on June 10, 1881, passed an act entitled "A supplement to an act entitled 'An Act to provide revenue by taxation,' approved the 7th day of June, 1879," the third section of which is in these words: "In case any bank or Savings institution, incorporated by this State or the United States, shall elect to collect annually from the shareholders thereof a tax of six-tenths of one per centum upon the par value of all the shares of said bank or Savings institution, and pay the same into the State Treasury on or before the first day of March in each year, the shares, and so much of the capital and profits of such bank as shall not be invested in real estate, shall be exempt from all other taxation under the laws of this Commonwealth." The purpose of this section is not doubtful. Obviously the intention is to restrict the exemption from taxation conferred by the Act of June 7, 1879, and to subject the real estate of banks to distinct taxation. Moreover, section 6 of the Act of June 10, 1881, expressly repeals the 17th section of the Act of June 7, 1879.

It is, however, contended on behalf of the plaintiff that the third section of the Act of June 10, 1881, is inoperative and void, and for this several reasons are assigned.

[We have omitted the discussion of the first and second reasons because they were of a peculiar nature relating to the State Constitution.—ED.]

3. Again, it is contended that the third section of the Act of June 10, 1881, in so far as it would subject the real estate of National banks to taxation for local purposes is inoperative and void for repugnancy. The argument runs thus: Under the Act of Congress (R. S., Sec. 5219) only the shares and real estate of National banks are taxable under State laws, and the shares are not taxable at any higher rate than other moneyed capital of individuals; in Pennsylvania the moneyed capital of individuals is exempt from all local taxation and was so exempt prior to the passage of the Acts of June 7, 1879, and June 10, 1881; at the time of the passage of the latter act the only property of National banks taxable for local purposes was their real estate; and, therefore, the restricting words in the third section of the Act of June 10, 1881, excepted from the operation of the act the only property of National banks to which the exemption could extend, and they thus constitute a saving clause repugnant to the purview of the act and void. But the argument is not satisfactory, and, even if the premises were conceded, the conclusion sought to be deduced could not be accepted. For it was held in *Hepburn v. The School Directors*, 23 Wal. 480, that shares in National banks in Pennsylvania may be valued for taxation at an amount above their par value. The Act of June 10, 1881, therefore, does unquestionably leave something for its exemption clause to act on, and the argument based upon a supposed repugnancy plainly fails.

It will be perceived that neither the Act of June 7, 1879, nor that of June 10, 1881, peremptorily imposes a tax of six-tenths of one per centum upon the par value of the shares of stock. Under each of these acts the payment of that tax is optional with the banks. The former act gave the banks the election to pay the specified tax in commutation for all other taxes under the laws of the Commonwealth; the latter act gives the banks the like option in commutation for all taxes except that on real estate; the only difference

is in the extent of the exemption. It is not pretended that the method of taxation contemplated by this legislation is open to constitutional objections or contravenes the provisions of the National-bank Act. Indeed the plaintiff is satisfied with, and seeks the benefit of the Act of 1879. But why could not the Legislature modify that act by the amendments incorporated in the Act of June 10, 1881? Clearly it was competent for the Legislature to do so.

I am of the opinion that none of the objections which the plaintiff has raised against the validity of the local taxation of its real estate for the year 1882, are tenable.

At the hearing of this case the validity of the ordinance of the city of Titusville, in so far as it attempts to impose a tax license upon National banks doing business in that city, was not much discussed; and at present I shall simply indicate what my impressions are on that subject. It seems to me the ordinance undertakes to tax the operations of National banks and is a direct obstruction to the exercise of their corporate powers. I do not see that this license tax is distinguishable from the business tax involved in the case of the *City of Pittsburgh v. The First National Bank of Pittsburgh*, 55 Pa. St., 45, which the Supreme Court of Pennsylvania, following the authoritative cases of *McCulloch v. The State of Maryland*, 4 Wheat. 316, and *Osborn v. The U. S. Bank*, 9 Id. 738, adjudged to be unconstitutional.

But it does not follow that because the tax is illegal, the plaintiff is entitled to an injunction to restrain the collection thereof; *Dows v. Chicago*, 11 Wal. 108; *Hannewinkle v. Georgetown*, 15 Id. 547; *State Railroad Tax Case*, 92 U. S. 575; and I am of opinion that the bill does not bring the plaintiff's case within any of the recognized foundations of equitable jurisdiction: *Ibid*. The ordinance imposing the tax does not undertake to make it a lien, and it is not enforceable by any summary process. The ordinance gives an action of debt for its collection, and it is not otherwise collectible. To such action the bank can set up its defence and therefore needs not equitable relief.

What has been said covers all the questions thus far raised, and it is only necessary to add that the motion for a preliminary injunction must be denied.

And it is so ordered.

---

## THE DECAY OF CHINA.

Scarcely a year elapses without some part of China being visited by a disaster of one kind or another. Drought, floods, locusts, and insurrections take it in turns, but whatever the cause the same doleful tale is always heard of crowds of poor people brought to death's door by starvation, of famine refugees betaking themselves to a life of beggary and thieving, of feeble efforts to collect subscriptions on the part of the gentry, and of fair promises of aid on the part of the Government which seldom comes to anything, from sheer inability on the part of the local authorities to meet the demand for funds which efficient relief measures would require. The present year has been no exception. An unusually heavy rainfall along the basin of the Yangtze, coinciding with the annual rise from the melting of the snow in Central Asia, has caused that river and its numerous affluents on either side to overflow, and large tracts of rice

land have been inundated, entailing a partial or total loss of the crops. From every town almost in this region there come reports of the numbers of famine refugees and the measures that are being taken to give them present relief.

What strikes the observer most in all these cases is the great outcry that follows upon a small cause. Occasionally we have events which amount to a National disaster, as, for instance, the late famine in Shansi, which it would tax the energies of any Government to cope with, but for the most part these occurrences, like the present, are no more than happen in any country, civilized or uncivilized, through the ordinary vicissitudes of the seasons or other natural causes. In Europe, or in any nation with the least pretense to wealth, they would never be heard of. The ordinary means of the people would be enough to tide the bad season over. But in China, if one thing is more certain than another, it is that the great mass of the rural population are poor in the extreme. They live absolutely from hand to mouth, never accumulating a penny of capital and never acquiring any fund on which to draw in times of need. On a failure of crops the population affected become absolute beggars; their life or death is the mere sport of circumstances.

The land laws are by no means unfavorable to the distribution of wealth. Indeed, theorists who are fond of advocating the land for the people in the form of peasant proprietorship might take a leaf from the Chinese Statute book on this head. The general rule is that there can be no proprietorship in waste lands. All land not under tillage belongs to the Crown, but can be converted into private property by the simple expedient of bringing it under cultivation and undertaking to pay the taxes. The cultivator thereupon receives a Government title free of cost which is good against all the world. Land thus acquired can be freely sold on the open market. Primogeniture is, of course, unknown, and not only that, but a man cannot by will dispose of his land in favor of any one person, it must be distributed evenly among all his male children without exception. The consequence is that land is held as a rule in extremely small parcels. A man with a thousand acres is considered a millionaire. One with a hundred is deemed wealthy, and even one with ten acres is counted well to do. But the greater part of the land is owned in small properties of five acres and under, even down to a sixth of an acre. It is, in fact, divided and subdivided till it can be divided no more. Even in cases where estates of a hundred acres and upwards are found they are rarely if ever owned by a single individual, but nearly always by a family, that is to say, the sons on the death of their father, have refrained from dividing for possibly several generations, so that, it may be, twenty or more adults, each with his own wife and dependants, are owners each of an undivided share in the whole. The possession of a plot of land, however small, implies at least something in the way of capital, but below these again there is another class of cultivators, who, as tenants, farm the land of those who from circumstances or disposition do not care to do so themselves. It is not easy to say what proportion this last class bears to the other, but it is very large. It may be safe to say that six or seven-tenths of the land is cultivated in this way. The system adopted is almost invariably the *métayer* or half-profit system, the landlord providing the houses and paying the Government taxes, which last amount to a tenth or so of the net pro-

fits, though they vary very much in different provinces. These cultivators are invariably men of no capital, their whole stock in trade consisting of a few rude and simple instruments costing a mere trifle. It is on this class that the pinch of poverty first falls in bad years. The holdings are in size just sufficient to afford a bare sustenance in good years. Whatever is grown is consumed locally; there is no export market for surplus produce, and no possibility of converting it into money to be laid by for a rainy day. When the crops fail, these peasants are literally beggars; they have nothing to pawn or pledge. They have no credit, and even if they had, there is nobody to lend. The landlords are not in a position to give any assistance, and if the bad season continues, these latter are in quite as miserable a plight as their tenant, for at such times even land depreciates in value so much as to be hardly worth selling, and large tracts are not unfrequently deserted altogether and left waste.

There is every reason to believe that this country has fallen off enormously in wealth and population during the last fifty years. The last complete census of the Empire was taken in 1812, and the return then gave a total of 360 millions, which is the figure at which the population ever since has been popularly supposed to stand. We know, however, that since that time half of the provinces were the scene of an internecine civil war, which raged for some ten years, and which was estimated to have caused the deaths of from twenty to thirty millions, and the border provinces of Yunnan and Kweichow have been all but devastated by the Mahomedan rebellion, not to speak of minor wars and deaths from famine in other parts. Taking all these things into consideration and allowing for possible increase in some places, foreigners best able to judge have been of opinion that the total of 360 millions was very much over the mark, and that from 250 to 300 millions would be nearer it. This opinion has been more than corroborated by the publication of a census of one of the provinces which has lately appeared in the *Pekin Gazette*. By the letter of the law every province ought to make an annual return of its population, but in consequence of the disorganization caused by the Taeping rebellion, this seems like many other things to have fallen into desuetude. Only one province so far has resumed the practice, viz., Chekiang. In 1812 this province stood for 26,256,000, and it is now reported as containing only 11,570,000 inhabitants. Chinese returns are not, of course, very reliable, but they may be taken in default of better evidence as approximately correct. At all events, taking the two returns as of equal value, it appears that the population of this province has fallen off nearly sixty per cent. Now, Chekiang certainly suffered severely during the Taeping rebellion, but not more so than several other provinces, and, moreover, it is a very fertile province and the center of the silk industry, so that the population might be expected to fill up by immigration more rapidly than in other places. If, therefore, notwithstanding all these advantages, the population in this one province has decreased by fifteen millions, it is not unreasonable to suppose that the falling off over the whole eight or ten, which are known to have suffered, is at least 100 millions, and that the present population of China does not exceed 250 millions. The returns of land tax payable are further confirmatory of this conclusion. In 1812 the land tax payable in Chekiang was

5,856,000 taels, now it stands at only 2,120,000 taels, and in a memorial, dated May of the present year, the Governor declares that the actual collection falls far short of even this sum. The same complaint comes from almost every province. A censor, writing in March of this year on the financial embarrassment (I quote from the *Pekin Gazette*, as translated in the *North China Herald*), says: "Ever since the outbreak of the Taeping rebellion the financial prosperity of the Empire has steadily declined. Its officers have sought to raise funds from every source, but their efforts have resulted in no real benefit to the revenue; the receipts that find their way into the public exchequer are more insignificant than ever; the resources of the Empire are exhausted; and its people are in a state of poverty that has no precedent in the annals of the Empire." Tso Tsung Tang, Viceroy of Nankin, writing at a later date on the state of affairs in his own particular jurisdiction, expresses himself in much the same terms, and it would be easy to multiply authorities indefinitely. If the revenue free at the disposal of the Peking Government—that is to say, after deducting the necessary sums for carrying on the provincial Governments—was correctly estimated in 1812 as being about £12,000,000, the sums now derived from the same sources do not probably exceed two or three millions sterling.

Luckily for the Peking Government other sources of revenue have been opened up, which in a great measure compensate for the falling off of the normal branches. Of these the principal is the Maritime Customs Revenue, which now amounts to upwards of £4,000,000 sterling. It is surprising that the rapid progress which this branch has made, and is still making, should not have suggested to the Chinese officials the true remedy for the present unfortunate state of affairs. All the advance which the country has lately made in wealth and prosperity has been in connection with foreign trade. The tea and silk districts have been large gainers, and, apart from the hoards in the families of retired officials, nearly all the capital in the country is in the hands of the merchants, bankers, and middlemen engaged in foreign commerce. But of all the numerous memorials that have been presented to the Throne on this subject not one has hit the real cause. They abound in complaints of speculation on the part of some officials and of extravagance on the part of others, and think that, that being remedied, all will be well. It does not occur to them that by promoting the free interchange of commodities between different parts of the Empire, whereby the producer could get a better price for his produce and the consumer be able to supply his wants cheaper, something might be effected. But in their necessities the Government adopted a scheme which was, perhaps, the very worst they could have tried, and the most effectual in arresting the development of trade at the time when improvement was most needed, viz., the imposition of the inland tax on all goods, without exception, passing from one market to another, known as the *likin*. This produces a revenue of roughly speaking £2,000,000, but at all hazards it must be abolished before any real progress can be made. If that were done and further facilities were provided, such as the improvement of highways, deepening of canals, and permission to use steam on the inland waters, not to speak, of course, of the introduction of railways, a brighter era would soon dawn.

## CURRENT EVENTS AND COMMENTS.

*FURNITURE MANUFACTURE.*

The investigator is amazed at the gigantic proportions attained by the infant industry of thirty years ago. Then less than 24,000 operators were employed, producing about nineteen and one-half millions per annum; now at least 80,000 persons are engaged in producing furniture, the value of the annual product reaching the magnificent total of \$110,000,000 to \$120,000,000. The cost of production has steadily decreased as the efficiency of machinery has increased, and the quantity of furniture now valued at \$120,000,000 per annum is many times greater than the same sum of money would have purchased thirty years ago, and so much more generally is furniture purchased now than then, that every inhabitant of America spends annually for furniture \$2.67 for every dollar spent in 1850.

In the past ten years the main growth in furniture manufacturing has been in the Western States, various causes combining to move the centers of production from their established seat in Eastern cities. The main causes operating to bring about this result are: the shifting of the centers of population, the great demand incident to the newly-settled and prosperous West, and the location of the lumber supply. These causes have exerted different degrees of influence, so that while some branches of furniture manufacture in the East have been almost annihilated by Western competition others have prospered, suffering only a partial curtailment of their Western trade. The former class is made up of those manufactures requiring much lumber, while chairs, upholstered furniture, etc., have suffered very little by the growth of manufactories of those articles in the West. In the Eastern cities, as a rule, but little growth is shown, New York, Boston and Philadelphia being about stationary since 1870, but this is owing doubtless to high rate of taxation, as in the rural districts of New York, Massachusetts, and in some of the municipalities, as Brooklyn, there is a fair increase.

*SAVINGS DEPOSITS.*

The savings deposits of a country are the best indication of its financial condition, and inasmuch as our own country shows a better record in this respect than the oldest and reputed to be the richest country of the globe, it is but natural that we should take pleasure in presenting the figures early and often. To-day the savings deposits of England are put down at 36,000,000 pounds sterling, or \$180,000,000, for 35,000,000 of people. Those of the United States (1882) amount to \$966,797,081 for 51,000,000 people, the American deposit averaging eighteen dollars and eighty-nine cents per head, against fifteen dollars and fifteen cents for the British; or, in other words, the American deposit per head is three-and-a-half times as great as the British deposit per head. This is a very creditable showing when it is remembered that there are savings banks in only thirteen States, including the District of Columbia, all of which have a population somewhat short of 20,000,000. In 1860 our savings deposits aggregated something like \$11,000,000 less than the total of those with which Great Britain is now credited, averaging only five dollars and four cents per head.



The silver dollar of 1794, showing a female head with flowing hair, is worth \$15. The silver dollar of 1804 is worth \$200 to \$700. The silver dollar of 1838 is worth \$15. The half dollars of 1794 are worth \$25; of 1796, \$50; of 1787, \$10; of 1838, with milled edges, \$2. An original half dollar struck by the Confederate States in 1861 is worth \$200. The quarter dollar of 1796 is worth \$1; of 1823 and 1827, \$15; of 1853, 50 cents each. The 20 cents pieces of 1877 and 1878 are worth \$1.50 each. The dimes of 1796 are worth 50 cents each; of 1797, 1798, 1800, 1802, 1803 and 1804 are worth \$1 each.

CATTLE RAISING.

The Texas papers claim that the profits on cattle raising in that State have averaged 100 per cent. in the past five years, while in some cases they have reached 500 per cent. The profit for the first year is nominal, the second year it averages ten per cent., the third year thirty per cent., the fourth year fifty per cent., and the fifth year seventy per cent. The average loss by disease and casualty during the same period has been fifteen per cent., or three per cent. annually. The extension of the railroad system of Texas is expected to increase the profits of the business, as it does away with the great risks involved in long drives.

MONOPOLIES.

The tendency to monopoly has been illustrated by the amalgamation of the principal grape-sugar manufactories of the United States. The capital of the united companies is \$15,000,000, and it is a remarkable fact that the whole of it is held by the Messrs. Hamlin and Dr. Fernrich, of Buffalo. Most of this large amount is said to represent profits made out of the business within the last five or six years; but this is probably an exaggeration. As there are only two other grape-sugar factories in the country, one at Chicago and the other at Davenport, Ohio, the profits of the Buffalo establishment, which have lately been much less than formerly, will not be likely to decrease in the near future; though large profits must here, as well as elsewhere, beget a desire in outside parties to share them and lead to opposition. If new opposition were to start, the Buffalo men would probably cut down prices below the remunerative line, with a view of crushing out the rivalry. But in spite of anything that may be said to the contrary, the high profits on glucose were made when corn was cheap; when corn is dear, as now, the profits are low, and there is probably some truth in the averment of the Buffalo men, that it is now necessary to observe strict rules of economy in the manufacture. In Canada, with the duty on corn added to the high price, glucose manufacture has not for some time been in a very flourishing condition, and the prospect for the immediate future is not bright.

—*Toronto Monetary Times.*

COCOANUT TREES.

The trees are planted in squares of from twenty-five to thirty-three feet. Experience shows that the greater distance is preferable, and that forty trees per acre yield as much as sixty trees planted on the same space. To get a revenue from a local takes at least twelve years from the time of planting. Some trees begin to bear at seven years, when the expenses of keeping the land clean diminishes; from the twelfth year the net income over expenses in-

creases up to the twenty-fifth year, then it remains about stationary for twenty-five years, when the yield begins to diminish. The average on a plantation or local (of from 8,000 to 20,000 trees) in full bearing can be stated at eighty nuts per annum. Coconut trees are liable to blight, and also to destruction by lightning. To keep up a plantation, young trees have to be supplied continually, but it can be safely calculated that one-half of the crop pays for all the expenses. In Port of Spain, entire cocoanuts sell at from eighteen dollars to twenty dollars per 1,000 delivered alongside vessels. In England prices vary from six pounds to ten pounds per 1,000. In England, entire nuts are preferred, although lately peeled nuts in bags have been shipped there and realized good prices, as they enter immediately in the retail trade. Vessels with asphalt with ballast cargoes carry from 200,000 to 230,000 entire nuts. These are generally sold on arrival to one speculator, who supplies the retail trade with husked nuts and sells the husks to cocoanut fibre mills. The quantity of cocoanuts shipped from Trinidad, from February 1 to August 14 of this year, has numbered 4,000,000.

#### SILVER PRODUCTION OF BOLIVIA.

A Lima letter in the *New York Herald* gives some Bolivian statistics such as are very difficult of access. If they be correct, they are doubly acceptable. They are certainly new, although they cover the year 1881 only, when the exports from Bolivia are said to have been as follows :—

Silver from Oruro, Potosi, and Chinchas, 71,101 kilos....	\$ 3,086,000
"    Huanchaca and Guadalupe, 85,935 kilos....	5,811,130
Copper from Corocoro, 3,250,600 kilos.....	420,000
Tin.....	458,000
Argentiferous lead.....	6,968
Bismuth.....	61,819
Quinia (Peruvian bark).....	800,000
India-rubber, 460,800 kilos.....	48,000
Coffee, cocoa, hides, wool, etc.....	500,000
Total.....	\$ 11,191,917
Imports for the year.....	7,150,000
Grand total.....	\$ 18,341,917

Even the *Almanach de Gotha* for 1883 remarks on Bolivian commerce simply that in 1879 it represented \$350,000 in imports and \$250,000 in exports. For three years Bolivia has enjoyed domestic tranquillity, and since the action at Tacna, in May, 1880, it has been without an army.

#### A GREAT GERMAN LAND SCHEME.

Dr. Bedlack, of Philadelphia, has been authorized, on behalf of Prince Bismarck, to enter into communication with Mexicans for the purpose of effecting the purchase of 10,000,000 acres of land in Mexico. So many Germans are annually emigrating to the New World that the German Government desires to purchase this land for the purpose of settling a colony there. One million acres have been secured by Dr. Bedlack, comprising the estate of Gen. Juan Bustamanti. This tract of land lies in the States of Nuevo Leone and San Luis Potosi. There are about 500 buildings on the estate, which will be included in the conveyance of the land. There are gold, silver, copper, iron, and coal mines there, and a peculiar fibrous plant, out of which bags and netting are made, is indigenous to the soil. Negotiations are pending for the other 9,000,000 acres, some of which are on the coast of the Gulf of Mexico.

Some little time ago the Syndical Chamber of Commission Merchants in Paris charged one of its members, M. Lourdelet, to draw up a report on the situation of the French export trade. A report has accordingly been prepared, and in it M. Lourdelet gives it as his opinion that French exports will not decline on account of the dreaded competition of Germany, Austria, Italy, and Russia. He gives two reasons for this opinion: first, the striking superiority shown by French products at the International Exhibition of 1878: and second, that French exports of manufactures have long been increasing. In 1850 they amounted to 818,000,000f., in 1860 to 1,666,000,000f., and in 1869 to 1,975,000,000f. When Alsace-Lorraine was taken from France her exports diminished, and in 1880 we find them at 1,873,000,000f., and in last year at 1,920,000,000f. France, says the writer, has a very enviable custom. Her manufactures are in most countries regarded as models, and she sells to the foreigner many very expensive articles on which she makes a handsome profit. There may have been changes and oscillations in the development, and some industries may thereby be suffering, but the general result is nevertheless brilliant.

---

## LEGAL MISCELLANY.

**MUNICIPAL-BOND COUPONS AND SUITS IN FEDERAL COURTS THEREON.**—Overdue coupons of municipal bonds which have not matured are negotiable by the law merchant. The right of the owner of coupons payable to bearer or to the holder thereof to sue in the Federal court does not depend upon the citizenship of any previous holder. He is not an assignee within the meaning of the Act of March 3, 1875. *Town of Thompson v. Perrine*. Sup. Ct. of U. S.

**CONSIDERATION—VOLUNTARY RELEASE OF DEBT.**—In an action on a promissory note, it was alleged that the sole consideration of the note was a debt to the payee, which he had voluntarily discharged. *Held*, it appearing from the agreed statement of facts that the creditor had given the debtor a "release" of the debt, the presumption arises that the release was in such form as to operate as an extinguishment of the obligation, in the absence of any showing as to the form of such release. *Carver v. Second Nat. Bank*, 38 or 39 Ohio St. A debt voluntarily released by the creditor is not sufficient consideration to support a promise of the debtor to pay him the amount of such debt. *Id.*

**PRESENTMENT AND PROTEST OF FOREIGN BILL OF EXCHANGE—NOTARY'S SEAL.**—The presentment of a foreign bill of exchange is to be made within the time allowed by the law of the place where the bill is payable, and the protest thereof must be in accordance with that law. It appeared in this case that the law of Norway allows a year for the presentment of a bill at sight. *Pierce v. Indseth*, S. C. U. S., Oct. Term 1882. The court will take judicial notice of the seals of notaries public. An impression directly on the paper by a die with which ink is used, is sufficient. *Id.*

STATUTE OF FRAUDS—AGREEMENT AS TO PURCHASE OF LANDS ON SPECULATION.—Plaintiffs had the refusal of certain real estate and agreed with defendants for the purchase of the same from the owner, defendants agreeing to share the profits to be made on a resale with plaintiffs. In pursuance of such agreement defendant purchased the real estate and resold it at a profit. A portion of the price received on the resale was in notes of vendee. The defendant refused to divide the profits with plaintiffs, and the latter before the notes became due brought action against defendant on the contracts. *Held*, that the contract was not within the statute of frauds, and that the action was not prematurely brought. An interest on contingent profits arising from a sale to be thereafter made did not give an interest in the land itself. *Smith v. Watson*, 2 Barn. & Cres. 401. These facts relieve the case from the operation of the statute of Frauds. *Hess v. Fox*, 10 Wend. 436; *Bruce v. Hastings*, 41 Ver. 380; *Trowbridge v. Wheltherbee*, 11 Allen 361. For many purposes negotiable notes given in satisfaction of a debt may be considered as money. They will support a count for money paid, *Morrison v. Becky*, 7 S. L. R. 246, and for money expended to the defendants' use. *Craig v. Craig*, 5 Rawle, 91; so when goods are sold on credit, the vendee to give his note, and after the goods are delivered, he refuses so to do, an action may be maintained for a breach of the contract before the expiration of the credit, and the price of the goods is the measure of damages. *Girard v. Taggart*, 5 S. & R. 19; *Rhinehart v. Olive*, 5 W. & S. 157. A denial of the contract *in toto* is a violation of every part thereof. *Benjamin v. Zell*. Penn. Sup. Ct.

EVIDENCE—IN ACTION ON OFFICIAL SURETY BOND—ADMISSIONS OF PRINCIPAL AND BOOKS KEPT BY HIM.—In an action against the principal and his sureties upon a joint and several bond, for the faithful performance of the duties of the principal as treasurer of the Town of Union, a part of whose duties was to keep accurate books of account and to render abstracts of such accounts to the council, *held*, that his books of account as such treasurer, and a report rendered to the council by him, were competent evidence against himself and his sureties. See *Perchard v. Tindall*, 1 Esp. 394; *Goss v. Wallington*, 3 Brod. & Bing. 132; *Whitnash v. George*, 8 B. & C. 556; *Middleton v. Melton*, 10 id. 317. An examination of the cases will disclose that there are two classes of cases in which, whether the principal at the time of the trial be living or dead, his admissions are evidence against the surety; within both classes the present case can be ranged. First. Where the declarations are made as a part of or in the transaction of the business, for the proper performance of which the surety is bound, and so become a part of the *res gesta*. *Bank v. Smith*, 12 Allen 243; *Pendleton v. Bank of Kentucky*, 1 T. B. Mon. 171; *Parker v. State*, 8 Blackf. 292; *Lysant v. Walker*, 5 Bligh, N. R. 1. And the case of *Stetson v. City Bank*, 2 Ohio St. 167, in which it was held that where a bank cashier made statements in regard to past transactions, it was not admissible, because not a part of the *res gesta*, illustrates this rule. The second class of cases are those in which the action is brought against the principal and sureties on a joint or joint and several obligation. *Brandt on Suretyship*, § 519; *Amherst Bank v. Root*, 2 Met. 523; *Agricultural Ins. Co. v. Keeler*, 44 Conn. 161. The present case is included within both these classes. *Town of Union v. Bermes*. 44 N. J. Law Rep.

**SURETYSHIP—OFFICIAL BOND.**—The liability of a town treasurer, and his sureties on his official bond for a sum of money in his hands due the town, is not discharged by his own note for that sum, accepted by his official successor as cash in full payment and discharge of the debt with the assent of a selectman. *Horn v. Whittier*, 6 N. H. 88; *Town of Henniker v. Wyman*, 58 N. Hamp.

**SIGNATURE AS AGENT.**—The character of the liability of drawer of a bill of exchange must be determined from the instrument itself; and the addition of the word "agent" to his name, without anything else on the instrument indicating his principal, does not relieve him from personal liability as drawer of the bill. *Ohio Nat. Bank v. Cook*, 38 or 39 Ohio St.

**NEGOTIABLE INSTRUMENT—CONSIDERATION FOR FRAUDULENT CONVEYANCE—DEFENSE.**—In an action against the maker of a promissory note given as the consideration of the conveyance received for the purpose of aiding the grantor to delay his creditors, the fraud cannot be set up in defense. The statute declaring that conveyances made with intent to hinder, delay, or defraud creditors shall be void, has been invariably construed as plainly implying that they are valid as between the parties and their representatives. *Nichols v. Patten*, 18 Me. 231; *Andrews v. Marshall*, 43 id. 274; and can be avoided only by creditors or their representatives, etc. *Miller v. Miller*, 23 Me. 22; *Thompson v. Moore*, 36 id. 47; *Stone v. Locke*, 46 id. 445; *Freeland v. Freeland*, 102 Mass. 475; *McLean v. Weekes*, 65 Me. 411. And such conveyances are as to creditors not utterly void but voidable. If the fraudulent grantee convey the premises to a *bona fide* purchaser for value before the creditor moves to impeach the original conveyance the purchaser's title cannot be disturbed. *Neale v. Williams*, 18 Me. 391; *Hoffman v. Noble*, 6 Met. 68; *Bradley v. Obear*, 10 N. H. 477. The implication of the statute of 13 Eliz. declares that as between the parties to a conveyance made to prevent creditors of the grantor from attaching or seizing his property, and thereby securing their debts, the transaction is not to be regarded void or voidable, but valid. And if valid, it cannot be seen why the note given in payment is not also valid. The transaction is not a *turpis causa*, and neither do the parties stand in *pari delicto*. In the case at bar, each of the parties deliberately entered into the contract. Each received a full consideration, the one for his land and the other for his note. Neither of them was defrauded. The decisions in Massachusetts, repeatedly made, sustain actions like this. See the two opinions of Morton, J., and of Shaw, C. J., after the second trial in *Dyer v. Homer*, 22 Pick. 253; *Butler v. Hildreth*, 5 Met. 49, 50; *Bailey v. Foster*, 9 Pick. 139, recognizes the same doctrine. See also *Harvey v. Varney*, 98 Mass. 118, where the cases are reviewed and the doctrine adhered to. See also the elaborate opinion of the Chief Justice of Wisconsin, in *Clemmens v. Clemmens*, 28 Wis. 637, and the well-reasoned opinion of the court in *Carpenter v. McClure*, 39 Vt. 9. See also *Springer v. Drosch*, 32 Ind. 486; *Sherk v. Endress*, 3 Watts & S. 255; *Neely v. Wood*, 10 Yerg. (Tenn.) 486; *Douglas v. Dunlap*, 10 Ohio, 162; *Bobb v. Woodward*, 50 Mo. 95; *Sumner v. Murphy*, 2 Hill (S. C.) 488; *Capin v. Pease*, 10 Conn. 69; *Silverman v. Bullock*, 98 Ill.; *Hendricks v. Mount*, 2 South (N. J.) 738. *Butler v. Moore*, 73 Me. 151.

## THE REPEALED BANK TAXES.

Attorney-General Brewster has sent to the Secretary of the Treasury the following opinion of the effect of the new law :

DEPARTMENT OF JUSTICE,  
WASHINGTON, May 18th, 1883.

*Hon. Charles F. Folger, Secretary of the Treasury :*

SIR : By a letter dated the 22d of March last, the then acting Secretary of the Treasury, at the suggestion of the Treasurer of the United States, requested an opinion from me upon the question "whether, in view of the passage of the Act of Congress approved March 3, 1883, entitled 'An Act to reduce internal-revenue taxation and for other purposes,' any taxes are due and payable on capital and deposits of banks, bankers, and National banking associations as having accrued since January 1, 1883." And by a subsequent letter dated the 26th of March, the same officer, at the suggestion of the Commissioner of Internal Revenue, submitted for my consideration the question of "the liability of banks and bankers to taxation [on capital and deposits] from December 1, 1882, to March 3, 1883," in view of the provisions of the same Act. These questions involve the inquiry whether the taxes on capital and deposits of banks, bankers, and National banking associations imposed by the laws in force at the time of the passage of the Act of March 3, 1883, may be assessed and collected on the capital and deposits of banks and bankers for the interval between the date of that Act and December 1, 1882, and on the capital and deposits of national banking associations for the interval between the date of the same Act and January 1, 1883. At the period referred to taxes upon the capital and deposits of National banking associations were imposed and collected under the provisions of sections 5214, 5215, 5216, and 5217 Revised Statutes, and those upon the capital and deposits of other banks and bankers under sections 3408, 3409, 3414, and 3415 Revised Statutes. I shall first consider, in connection with the act of March 3, 1883, the sections of the Revised Statutes above mentioned which relate to National banking associations. Section 5214 provides :

"In lieu of all existing taxes every association shall pay to the Treasurer of the United States, in the months of January and July, . . . a duty of one-quarter of one per centum each half year upon the average amount of its deposits, and a duty of one-quarter of one per centum each half year on the average amount of its capital stock beyond the amount invested in United States bonds."

By section 5215 it is provided :

"In order to enable the Treasurer to assess the duties imposed by the preceding section, each association shall, within ten days from the first days of January and July of each year, make a return, under the oath of its President or Cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, . . . of the average amount of its deposits, and of the average amount of its capital stock, beyond the amount invested in United States bonds for the six months next preceding the most recent first day of January or July."

The remainder of this section imposes a penalty for failure "so to make such return," and provides for the collection thereof. Section 5216 provides for assessing the duties where an association fails to make the half-yearly return required by section 5215, and section 5217 provides for the collection of the sums due where an association fails to pay the duties imposed by the three preceding sections. Thus, by the foregoing provisions each National banking association is made liable to pay in January and July certain duties on its deposits and capital stock. The amount so payable is to be determined by the average of the deposits and by the average of the capital stock

beyond the amount invested in United States bonds. for each half year ending December 31 and June 30, respectively. Accordingly, with a view to the assessment of the duties, the association is required, within ten days from January 1 and July 1 of each year, to make a return of the average amount of its deposits and of its capital stock beyond the amount so invested "for the six months next preceding the most recent first day of January or July." The duties on the average of deposits and capital stock of the association for each half year as above cannot be assessed or the amount thereof ascertained until the expiration of such half year; hence, no part thereof can be regarded as becoming due prior to that time.

The Act of March 3, 1883, section 1, declares "that the taxes herein specified, imposed by the laws now in force, be and the same are hereby repealed as hereinafter provided, namely: On capital and deposits of banks, bankers, and National banking associations, except such taxes as are now due and payable," &c. And the same act, section 13, further declares, "that the repeal of existing laws or modifications thereof embraced in this act shall not affect any act done, or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause, before the said repeal or modifications; but all rights and liabilities under said laws shall continue and may be enforced in the same manner as if said repeal or modifications had not been made," &c. Here, by the terms of section 1, is an "immediate repeal of the duties in question, except such as are now [March 3, 1883] due and payable." Standing upon that section alone, such repeal must be deemed to do away entirely with the collection of the duties referred to excepting those then "due and payable." Were duties upon the deposits and capital stock of National banking associations due and payable on the 3d of March, 1883, for the period subsequent to December 31, 1882? The answer to this is indicated by what has been already stated. Under the laws imposing them, such duties were not assessable, much less due and payable, before the expiration of the half year for which they were to be levied, and which ended either on the 31st of December, or on the 30th of June. Obviously, then, they were not due and payable on the 3d of March, 1883, for the period intervening between that date and December 31, 1882.

Does the provision in section 13, quoted above, qualify the repeal of the duties by section 1, so as to warrant the assessment and collection thereof for that period? By the former section the repeal of existing laws embraced in the act is not to affect "any right accruing or accrued" before such repeal, but all rights and liabilities under the then existing laws are to continue and be enforced in the same manner as if the repeal had not been made. The qualification of the repeal in question, if any, rests upon the words "right accruing," &c., used in that section. I do not think these words can properly be taken to include the duties referred to, *i. e.*, on the average of deposits and capital stock for the half year beginning January 1, 1883, accruing at the date of the repeal, there being then, as to them, no right in *esse*. It is the accruing right, not the accruing tax, that is saved. The right to duties here does not come into existence during the half year, but only on the expiration thereof; it then accrues, although the duties are not yet assessed, and it may be said to be thenceforth accruing until the assessment of the duties and ascertainment of the amount thereof; that is to say, until payment of the duties is demandable. Thus, "debt accruing" has been held to be an existing debt *sol endum in futuro* (*Hall v. Pritchett*, 3 Q. B., div. 215; *Jones v. Thompson*, E. B. and E. 63). Besides, it may fairly be inferred from the express exception in the repealing clause of section 1 of "such taxes as are now due and payable," that this was the only qualification contemplated. and that no other taxes on the deposits and capital stock of banks, &c., not even those accruing on the then current half year, were meant by Congress to be saved from the repeal. To repel this inference there must be found in section 13, or elsewhere in the statutes, language clearly indicative of a contrary intent. I discover nothing therein showing such intent.

I pass now to the consideration of the hereinbefore mentioned sections of the Revised Statutes relating to other banks and bankers. By section 3408 it is provided:

"There shall be levied, collected, and paid, as hereinafter provided : First, a tax of one twenty-fourth of one per cent. each month upon the average amount of the deposits of money, . . . with any person, bank association, company, or corporation engaged in the business of banking ; second, a tax of one twenty-fourth of one per cent. each month upon the capital of any bank, association, company, corporation, and on the capital employed by any person in the business of banking beyond the average amount invested in United States bonds," &c.

Section 3409 declares :

"The taxes provided in the preceding section shall be paid semi-annually on the first day of January and the first day of July, but the same shall be calculated at the rate per month as prescribed by said section, so that the tax for six months shall not be less than the aggregate would be if such taxes were collected monthly."

"SEC. 3414. A true and complete return of the monthly amount . . . of deposits and of capital as aforesaid . . . for the previous six months shall be made and rendered in duplicate on the first day of December and the first day of July by each of such banks, associations, corporations, companies, or persons," etc

Section 3415 makes provision for estimating the amount of deposits, capital, &c, in case of default in making and tendering the return required by the preceding section, and also imposes a penalty for any refusal or neglect to make return and payment. The duties imposed by these sections, like those imposed by the sections which relate to National banking associations, are assessed semi-annually upon returns required to be made semi-annually and become due and payable semi-annually, at stated times, but they are estimated by monthly, not by half-yearly, periods. The tax on deposits is calculated upon the monthly average, and that upon capital upon the amount thereof employed monthly ; whereas, in the case of National banking associations, the duty upon both deposits and capital stock is levied upon the average amount for the half year. However, I do not think this difference in the mode of assessing and ascertaining the duties is material in connection with the subject in hand.

The reasons adduced in support of the construction above placed upon the provisions of the Act of March 3, 1883, considered with reference to duties on the deposits and capital stock of National banking associations seem to me to be equally applicable to the same provisions when considered with reference to duties on the capital and deposits of other banks and bankers. There is no ground for assuming that Congress intended to discriminate between the two descriptions of banks as regards the scope and effect of the repeal. Viewed as above, it operates to relieve not only National banking associations, but other banks and bankers from the duties mentioned, excepting such as were "due and payable" at the date of the repealing act. I may observe here that section 13, Revised Statutes, has not been overlooked by me. The provisions of that section (which with respect to the Act of March 3, 1883, seem to be superseded by those of section 13 of that act) include "any penalty, forfeiture, or liability incurred" under the statute repealed. But on the 3d of March, 1883, banks, bankers, and National banking associations were not liable for the duties in question, and would not be liable therefor until the end of the then current half-year. Hence, as to such duties, there were at that time no "liabilities incurred," nothing for the said provision to save from the operation of the repeal in the act of 1883, even if they are applicable to that act. (*R. R. Co. v. U. S.* 101 U. S. pp. 549, 550.)

I am, accordingly, of the opinion that duties are not assessable and collectible on the deposits and capital stock of National banking associations for the period between the date of the Act of March 3, 1883, and January 1, 1883, nor on the deposits and capital of other banks and bankers for the period between the date of the same act and December 1, 1882. This, it is presumed, affords a sufficient answer to the questions submitted. I have the honor to be very respectfully,

BENJAMIN HARRIS BREWSTER,

*Attorney-General.*



## VETO OF THE NEW YORK SAVINGS-BANK BILL.

The bill passed by the New York Legislature, and known as the Page Bill, which extended the list of securities in which Savings banks may invest, has been vetoed by Governor Cleveland, who filed the following memorandum :

I have listened to the arguments of the friends of this measure, and am still convinced that the present law should not be changed in the manner proposed. The bill before me provides that Savings banks may invest the money of depositors in bonds and securities which are excluded by the present carefully-prepared statutes regulating this subject. Among other things, it permits the investment of such funds in good securities, excepting bills of exchange, promissory notes, deposits of personal property, and stocks to which by law the personal liability of the stockholders attaches, which may be approved by the Superintendent of the Banking Department, the Governor, Comptroller, and State Treasurer, or a majority of them. It must be conceded, I think, that no absolute certainty attends the judgment of men in relation to the matter of good securities. The State officers mentioned in the bill should not be burdened or intrusted with this important duty. I see no provision in the bill by which any security can be withdrawn from the list, if once approved by these officers, even though it may become unsafe or worthless as an investment.

Considerations have been earnestly urged upon me touching the ability of Savings banks to pay a fair interest to depositors, with the present limitation upon the character of their investments. But I am firmly of the opinion that these institutions are, as their name implies, a place of deposit for the savings of those among the poor and laboring people who see the necessity of putting aside a part of their earnings for future need, or as the beginning of an accumulation. Such depositors are not, and should not be, investors seeking as a paramount purpose an income by way of interest on their deposits. When they come to that, there are other instrumentalities which should be employed.

Absolute safety of the principal deposited is what the patrons of Savings banks should seek, and any Governmental control over these institutions should first of all be directed to that end. I am not satisfied that this is done when State officials, already charged with onerous duties, are called to decide upon the value of proposed securities, and when the safety of deposits is left to their determination and the care of directors and trustees, often tempted to speculative ventures beyond their power to resist. A due regard to the protection of a class of citizens which should especially deserve the care of the State requires, I believe, that the institutions having their savings in charge should be limited in the use of such deposits to investments described by the law, and which, as nearly as possible, insure absolute exemption from loss. I am unwilling to assent to the increased risk which I am convinced lurks in the provisions of the proposed bill.

---

NEW PHASE OF THE SILVER QUESTION.—The *Public* says that "The fact has been published, although we are not prepared to vouch for it, that a counterfeit silver dollar has made its appearance, which is actually worth as much as the dollar coined by the Government. It is made of silver, and has the same weight and ring as that bearing the genuine stamp of the mint—so says the report. The counterfeiters seem to have taken a leaf out of the book of the Government and gone to work to make the profit of twelve to fourteen cents on each dollar, which the latter has been quietly appropriating for some time. It would seem, however, that the illegal coiners of debased money understand their business better than do the lawful authorities, for, while the former have been putting the products of their enterprise into circulation, the Government has to build vaults to store away what its mints turn out."

## BOOK NOTICES.

*Protection to Young Industries as Applied in the United States.* By F. W. TAUSSIG, Instructor in Political Economy in Harvard College. Cambridge, Mass., Moses King, Publisher. 1883.

This is a very well written essay and received the Toppin prize in political science bestowed by Harvard University last year. The author graduated from that institution in 1879. Mr. Taussig states the argument in favor of protecting young industries, then briefly traces the course of industrial history and protective legislation in this country, after which he reviews the history of our cotton, wool, and iron manufactures, and from these premises draws conclusions for and against the policy of protection. His general conclusion is, not that protection has retarded our industrial growth particularly, but that equal progress would have been made without it, owing to the peculiar character of the American people. The author has an unusually candid mind, and his desire to state the facts fairly and to draw correct conclusions from them is very apparent. He brings to his subject the prime qualities of mind which are too often wanting among economists, the absence of which is a strong reason why economic literature has made so little headway. The chief defect in Mr. Taussig's book is an unfamiliarity with the facts. Thus, after describing our progress in woolen manufacture on page 47, he says: "In 1828, when for the first time heavy protection was given by a complicated system of minimum duties, and the actual rates levied rose, in some cases, to over one hundred per cent., this aid was no longer needed to sustain the woolen manufacture. The period of youth had then been past." This statement is very far from the truth. Under the tariff of 1824 the woolen manufacturers were nearly ruined, and the principal object in enacting the tariff of 1828 was to save them from total destruction. Had the law of 1824 existed much longer unquestionably that industry would have perished.

---

*The American Protectionist's Manual.* By GILES B. STEBBINS. Detroit: Thorndike Nourse. 1883.

Mr. Stebbins is an enthusiastic and conscientious upholder of the doctrine of protection to American industries, and this little work of two hundred pages is a rich arsenal from which protectionists can draw facts and arguments to support their cause. The style of the work is simple, it is free from scholasticism, and may be read by the ordinary reader, and mastered. In future debates on the tariff question, doubtless many will go to this source for a fresh equipment, and if they do, we are quite sure that they will not be disappointed.

---

*The Iron and Steel Industries of Pennsylvania.* By JAMES M. SWANK. Philadelphia: The American Iron and Steel Association. 1883.

This is a contribution to the tenth annual report of the bureau of industrial statistics of Pennsylvania. The first part relates to the early use and manu-

facture of iron in other countries, followed by an account of its manufacture in the American colonies and more particularly in Pennsylvania, and its subsequent history in that State. It is a succinct, well-written and interesting paper. Such papers add much to the value and interest of our census reports. There is a vast field for investigation in this direction, and it is well worth diligent cultivation

---

*Statistics of the American and Foreign Iron Trades for 1882. Annual Report of the Secretary of the American Iron and Steel Association, containing statistics of the American iron trade to January 1, 1883, and a review of the present condition of the iron industry in foreign countries.* By JAMES M. SWANK, Secretary. Philadelphia: The American Iron and Steel Association. 1883.

This is the most valuable collection of annual statistics relating to the iron and steel trades that appears. The report begins with a review of the domestic trade in 1882, which is continued to the end of the first quarter in 1883. Here may be found an excellent statement of the causes of the recent reaction in our iron and steel industries. It would repay many of those who discuss this subject and pretend to know all about it to turn to these pages. Perhaps they would learn that instead of revelling in the light they had been blundering around in the darkness. The statistical matter contained in these reports is not only very varied and complete, but it is more accurate than most information of the kind. This is one reason why these reports possess so much value, which, we are pleased to note, is generally recognized.

---

*Debts of the New England and other States, all Massachusetts' Cities and Principal Towns, New England and Western Cities.* Compiled by JOSEPH G. MARTIN. Boston: Published by the Compiler. 1883.

This work contains a detailed statement of the debts of over 100 cities of the United States, the purpose for which the debt was created, rates of interest and periods of payment of interest, and date of maturity of each loan, with full explanatory notes. It is a very useful compilation. In the introduction attention is directed to the notable reduction made in the rates of interest on loans within the past four years. "In 1877 not a single city had a four per cent. loan, while few outside of Massachusetts could borrow money better than six per cent., and a large number of them had loans out at seven, eight, nine, and ten per cent."

---

*A Dictionary of the English Language*, by JOSEPH E. WORCESTER, LL.D., with Supplement. Philadelphia: J. B. Lippincott & Co. 1883.

A new edition, with a supplement, of Worcester's Dictionary has been prepared to supply the new words in science, art and literature, which have appeared since the former edition. During this interval a vast number of new terms have come into common use, and though many of these cannot strictly be considered as parts of the English language, yet, as they constantly appear, and the reader often wishes to know their meaning, a dictionary seems the most fitting source of information. Worcester has long been considered the standard dictionary of the language, and the additions now made will render it more valuable than ever.

## INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

## I. STAMPED INDORSEMENT.

What is the effect of the stamped indorsement of a bank on a draft or check sent for collection through the Clearing House?

Does it have the effect in law to guarantee the genuineness and regularity of all prior indorsements on a check or draft?

If so, how long does such guarantee continue when the check or draft is not returned nor reclamation made?

REPLY.—In the case of *Rock County Bank v. Hollister*, 21 Minn. 385, it was held that an indorsement on a note, "pay to A B, or order, for collection," and signed by the payee or owner of the note, merely made the indorsee agent for the indorser to collect it. So in *Sweeney v. Easter*, 1 Wallace, the Court declared that the indorsement of negotiable paper with the words "for collection" restrains its negotiability; and that a party who has thus indorsed it, is competent to prove that he was not the owner of it, and did not mean to give title to it, or to its proceeds when collected. See also *Daniel on Neg. Inst.*, § 698. These principles clearly show what answer is to be made to the above questions. The indorsement had no effect to guarantee the genuineness or regularity of any indorsement. It was a restrictive and not a general indorsement, and merely made the indorsee a Clearing-House agent for the indorser to collect the amount due.

## II. CERTIFICATE OF DEPOSIT.

If a certificate when presented for payment bears several indorsements, does the last indorser guarantee all indorsements, or only those made subsequent to that of this payee named in the certificate?

When a bank issues a certificate of deposit, is it necessary to have the signature of the payee whose name is inserted in the certificate?

REPLY.—Each indorsement guarantees the genuineness of all preceding signatures, including, of course, that of the payee.

It does not necessarily follow that the payee of a certificate of deposit is a customer of the bank, whose signature it is bound to know like that of a depositor who draws a check. It may or may not have that signature on its book, and must depend in many cases upon proof of identification, precisely as in the case of a payee of a check.

## III. CHECKS NOT PAYMENT.

A bank at D receives for collection a draft on H. On presentation H pays the draft with a check on his own bank. This check is not good, and is duly protested.

Has the collecting bank, by surrendering the draft for a check, rendered itself liable for the amount?

Should it protest the check and forward it to the drawer of the draft, or should it protest a copy of the draft?

REPLY.—The law is very clear that a collecting agent acts at its peril in accepting a check as payment of a note or other instrument left with it for collection. If in such a case the check is not paid, and the drawer or indorsers are not duly notified, they would be discharged, and the loss would fall on the collecting agent. *Turner v. Bank of Fox Lake*, 3 Keyes 425. But if, on the day a bill or note becomes due, the agent receives a check for the amount and delivers up the instrument, and on the same day presents the check for payment, which is refused, and the bill or note is reclaimed and protested, and the drawer or indorsers duly notified, then no right is forfeited, and the liability of all is preserved. If the bill could not be reclaimed, the proper course, doubtless, would be to protest a copy of the draft.

If, however, the agent neglects to present the check until the next day, he is liable in case of non-payment, and he cannot have recourse against the drawer. Protest of the draft would then be too late.

---

#### IV. PROTEST OF DRAFT.

A accepted a sixty-day draft, payable at a bank in H. G., but, before it matured, moved to B, an adjoining town.

Can the bank at B protest the draft for non-payment, or should the bank at H. G. hold it and protest it?

REPLY.—Judge Story declared in his work on Bills of Exchange that such an instrument should be protested at the place where it is payable. §§ 282, 253. The question was decided the same way in the cases of *Boot v. Franklin*, 3 Johns. 207, and *Mason v. Franklin*, 1b. 202.

---

CALIFORNIA MINES.—Our great State, which has astonished the world with its golden product, and which sustained the nation in the "troublesome war times" with its golden aid, will, if the anti-miners have their way, be relegated entirely to the policy of a State which prohibits mining, while all other States and portions of the world are doing all that is possible to stimulate it. Take our yearly golden product out of the commercial channels, and its wants will be felt severely all over the world. But in our State it will be more than in any other, for we will deliberately rob ourselves of fifteen and a-half millions of gold which is dug out of the ground every year, which is just so much clear gain to the Commonwealth. A year's cessation of this flow into San Francisco will be a worse calamity than a typhoon or a destructive earthquake, or a year of drought, for its want will be so severely felt that "hard times" will come again upon us, and the dull times which followed the cessation of the silver flow from the Comstock, and from which we were slowly emerging, under the steady yearly flow of the golden product of our great mines, will surely again come upon us, and this time justly—i. e., if we are foolish enough to close our mines. We have in our State, as is well known, the most lucrative and permanent gold mines in the world, yielding fifteen to sixteen millions of gold per year, which will continue for the next ten decades at least, and which we and the world must have; and yet a few hungry lawyers and a very limited number of rabid anti-miners are using every effort in the courts, legislature and Congress, to strangle this great industry, under which we have built up an empire.—*San Francisco Alta*.

## BANKING AND FINANCIAL ITEMS.

**DIVIDENDS DECLARED BY THE COMPTROLLER.**—The Comptroller of the Currency has declared a first dividend of five per cent., amounting to \$99,176 in favor of the creditors of the Pacific National Bank of Boston, Mass., and a first dividend of twenty per cent., amounting to \$32,192, payable to the First National Bank of Union Mills, Union City, Penn.

**PAYING STOCKS.**—A recent statement shows that although there are 135 railway stocks listed at the New York Stock Exchange, only twenty-four pay regular dividends, or a proportion of nearly one to six. Two or three other companies manage to pay an occasional dividend. Of the 135 stocks, twenty-seven are preferred, four first preferred and two second preferred, leaving 102 common, and of the last only thirteen pay regular dividends. The total capital stock listed amounts to \$1,996,713,046, of which \$270,727,744 are preferred; \$16,807,003, first preferred; \$10,332,700, second preferred; and \$1,698,838,599 common stock. The amount of dividends paid annually is but a very small per centage of the total capital, and it is not to be wondered at that people holding large blocks of stock find difficulty in getting rid of it.

**HOLDING OF COLLATERAL.**—An interesting case was tried a short time ago in one of the courts in Philadelphia, relating to the liability of the holder of collateral security for loss incurred by failure to realize on the security. The suit was brought by the executor of Morris against Brown, on a promissory note for \$1000, executed by the defendant on the 28th of October, 1881, and payable ten days after date. As security he left with Morris, the holder of the note, certificates for 15,000 shares of the Arizona and New Mexico Prospecting, Developing and Mining Company, with the agreement that upon the non-payment of the note at maturity the holder should sell the stock either at the Brokers' Board, or at public or private sale, without demanding payment of the note and without further notice. The note was not paid, but Morris held on to the stock, which was at that time worth ten cents a share, until it became absolutely valueless. After his death, when suit was brought upon the note by his executor, the defendant filed an affidavit claiming that the failure to realize upon the stock, according to the terms of the note, debarred the plaintiff from recovery. On the other side it was argued that a creditor who holds stock as a collateral security is not bound to sell upon the nonpayment of a note at maturity without notice from the debtor to do so. The court adopted this view, and entered judgment for the amount of the note with interest.

**RHODE ISLAND.**—The thirteenth annual meeting of the Bank Clerks' Mutual Benefit Association of Providence was held on Wednesday, April 18. The report of the Board of Management showed that twenty-six new members had been admitted to the Association, and two second memberships issued during the year. The present number of members is 123 and of memberships 138, of which thirty-three are advanced members. There are fifteen members who hold double memberships, and the report suggests that others to whom life insurance is valuable and who can pass an unexceptionable examination, should secure the benefits of a second membership.

The treasury shows an increase of assets of \$1,536.66, the total amount being \$15,694.50. The membership fund has a reserve of \$1,679.61 above the minimum required by the constitution. One loss from death, \$500, was paid during the year.

**PACIFIC RAILROAD DEBTS.**—The Central Pacific Railroad Company owes the Government \$52,140,813; the Union Pacific, \$63,620,570; the Sioux City & Pacific, \$3,043,767; the Central Branch Union Pacific, \$3,101,808. Against this debt, nearly \$122,000,000 is an off-set in shape of payments in money and transportation services by those companies. This reduces the debt to about \$100,000,000, which is payable in 1895 and 1899.

**GOLD NUGGETS.**—On the 18th of August, 1860, a large piece of gold was taken from the Monumental Quartz Mine, Sierra Buttes, which weighed 1596 ounces troy, the value of which was estimated at from \$21,000 to \$30,000. The nugget was sold to H. B. Woodward, of San Francisco, for \$21,636.52. A fine specimen was taken from the Rainbow Quartz Mine, Chipp's Flat, in 1881. It was taken from a depth of 200 feet. Later it was shipped to London and worked there. It yielded \$22,000. In 1855 a nugget was found at French Ravine that weighed 532 ounces, and was worth \$10,000. It contained considerable quartz, which is not calculated in its weight. In 1851, at French Ravine, a nugget was found which weighed 426 ounces, and was valued at \$8000. A nugget is reported to have been found at Minnesota valued at \$5000. In 1850 a piece of gold quartz was found in French Ravine which contained 263 ounces of gold, worth \$4893. At Smith's Flat, in 1866, a piece of gold was taken from a claim which was worth \$2716, and weighed 146 ounces. At Smith's Flat, in 1864, a nugget was found weighing 140 ounces, and worth \$2605. At Little Grizzly Diggins, in 1869, a nugget worth \$2000 was found. A nugget weighing ninety-four ounces, and valued at \$1770, was found at the Hope claim, four miles below the Mountain House. At French Ravine, in 1860, a nugget was found worth \$1757, and weighing ninety-three ounces. At Smith's Flat, in 1861, a nugget was found which weighed eighty ounces, and was valued at \$1509. From 1854 to 1862 twelve gold nuggets, ranging from thirty to 147 ounces, were taken from the Live Yankee claim at Forest City. From 1856 to 1862 a number of gold nuggets, varying from thirty to 100 ounces were found in the Oregon claim at Forest City. A specimen worth \$5,000 was taken from the Oriental (Gold Gate) quartz mine.

**WOMEN AS PRESIDENTS.**—Mrs. Louisa B. Stephens, widow of R. D. Stephens, has recently been elected to succeed her husband as President of the First National Bank of Marion, Iowa. She is reputed to be a woman of thorough business habits and qualifications, as well as energetic and popular.

The statement that Mrs. Stephens is the first woman elected to this office, is a mistake. Mrs. M. C. Williams has been for some years president of the State National Bank of Raleigh, N. C. There are several banks in which a lady is member of the board of directors, and two or three have a female cashier.

In the Lafayette County Bank, Lexington, Mo., there is a young lady book-keeper, who walks over two miles to and from the bank daily, yet is absent fewer days in the year than any of the male employés.

There is, in any business office, an advantage from the refining presence of a lady. Not merely because she neither smokes, chews, drinks nor swears, but the tone of manners and conversation is under an influence which cannot fail to be beneficial, while in too many places it is a wholesome and a needed restraint.

**COMSTOCK LODE.**—The Gold Hill bonanza of the Comstock Lode of Nevada has, in the ten years immediately preceding the last census, furnished \$200,000,000, \$90,000,000 of which was in gold. The lode in 1877 furnished \$37,911,000, of which \$17,771,000 was in gold; in 1878, \$10,404,000 silver, and \$9,826,000 gold, a total of \$20,230,000; in 1879, \$5,190,000 silver, and \$9,725,000 gold, total, \$14,915,000; 1880, \$2,634,000 silver, and \$8,830,000 gold, total, \$11,464,000. The total yield of the twenty-eight mines of the Comstock lode has sunk from \$271,000 in 1875 to \$14,000,000 in 1881. The decrease had an influence upon the total production in the United States, which was in 1878, \$47,266,107; 1879, \$38,900,600; 1880, \$36,000,000.

**BANK OF MONTREAL.**—On the 20th of April the half-yearly dividend of five per cent. was declared, and it was announced that \$250,000 had been added to the Rest, which is now \$5,750,000. There is reasonable ground for anticipating that at the close of the year the Rest will have reached fifty per cent. of the capital, after which larger dividends may be expected.

**SCOTLAND.**—Some interesting information is to be found in the returns issued in connection with the Post-Office Savings banks in Scotland. It would appear that during the last ten years, notwithstanding considerable periods of depression in trade, the amount of the deposit savings in almost every county has nearly doubled. In some cases the total amount has more than doubled.

**SAVINGS BANKS IN FRANCE.**—The number of Savings banks in France is 541, which have besides 794 branches. They comprise about 3,500,000 depositors, of whom 2,500,000 possess sums below 500*fr.*, 360,000 from 500*fr.* to 800*fr.*, 250,000 from 800*fr.* to 1000*fr.*, and 290,000 above 1000*fr.* The share of Paris in these depositors is 500,550, of whom 120,161 are workmen, 55,693 domestic servants, 21,717 trade assistants, 10,311 soldiers and sailors, 133,837 professionals, 158,324 minors, and 507 benefit societies.

**NEW DUTCH LOAN.**—The principal reason for the new Dutch Loan is the insufficient stock of gold held by the Bank of Holland, and the heavy loss that would be incurred by the sale of its silver. Competition for the one metal available for international dealings becomes daily more keen, and the bulion supplies of the Bank, being now lower than at the corresponding period of the past three years, are ill prepared for an additional drain.

**BRAZILIAN CURRENCY.**—Consul-General Andrews says, in his report to the United States Government, that the amount of money now circulating in Brazil, consisting of irredeemable notes, is \$122,346,370. The total amount of gold coined and issued up to 1880 was \$19,262,080. The amount of silver coined and issued from 1867 to 1880 was \$8,068,355. The amount of nickel coin issued up to 1880 was \$8,841,487; and of copper, \$1,653,106. There is no gold coin in circulation, and very little of silver. As bank checks are not habitually used in business transactions, trade suffers somewhat for a lack of the circulating medium. Its value fluctuates, and it has also depreciated in the past few years. The unit of measure of Brazilian money is the *milreis*, of the value in gold of \$0.546. Its value in paper is now about forty-two cents. The *milreis* is expressed in figures thus: 10000 (one thousand reis); on the same principle as it would be for us in the United States to express the dollar in mills. Half a *milreis* (500 reis) is written: \$500; equivalent to, say twenty-one cents. The Parliament is not restricted as to the issue of paper money. However, a conservative policy appears to be pursued in this regard, and it can be said with truth, that Brazil is punctual in the payment of the interest on the public debt.

**REFUNDING THE FRENCH DEBT.**—A recent number of the *Economiste Français* discussed the subject of converting the five per cents. into securities bearing a lower rate. The author, M. Leroy Beaulieu, takes the ground that the conversion of the five per cents. at four and a-half per cent. is not only a duty, but a necessity. He shows that the inevitable deficit in the ordinary revenues of the French Government must be from \$30,000,000 to \$40,000,000; that this cannot be made up from economies in the collection and expenditure of the revenues, because the latter includes such charges as the administration of the postal and telegraphic systems, the tobacco and powder factories, and the forests; that, as conversion must come, the credit of the Government and the security of the money market require that it should come now, and, finally, that there is not so much danger politically in effecting it now as later, on the eve of a National election. He also predicts a heavy loan, if the de Freycinet plan of public improvements is to be carried out, and declares that a new loan would be almost disastrously affected by a failure to reduce interest now. That the moment for the operation is unfavorable, compared with four or five years since, is true, but it is not so unfavorable as it would be two years hence.



## OBITUARY.

WALTER W. CONCKLIN, who died in New York on the 8th of May, is said to have been the oldest merchant on the west side of the city. He was born in New York on March 2, 1798. In 1820 Mr. Concklin established himself in the wholesale grocery and provision trade, in which he continued until 1855. After leaving his business Mr. Concklin was elected President of the Irving Savings Institution, in which capacity he continued until 1877, when he was succeeded by John Castree. Mr. Concklin, a year afterward, again took the office and held it until 1879, when he was made Treasurer and Mr. Castree President. He held the position of Treasurer up to the time of his death.

CHARLES B. HALL, whose death occurred last month, was the well-known and much-respected President of the Boston National Bank. Mr. Hall was born in New Hampshire in 1815, but early in life moved to Haverhill in Massachusetts, from which town he was sent to the Legislature for two terms. From 1848 to 1853 he was State Treasurer, but in the latter year when the Boston Bank was established, he was chosen Cashier, which office he retained until he was chosen its President a number of years ago. For several years Mr. Hall was President of the National Bankers' Association. He also held other responsible positions.

SAMUEL B. RINDGE, President of the Charles River National Bank, was also a well-known Boston merchant, a member of the firm of Parker, Wilder & Co. He was born in 1820, came to Boston in 1836, and entered as a boy the business with which he was identified to the day of his death. In 1847 he was admitted to the firm. Mr. Rindge was engaged in a number of business enterprises outside the firm, and was largely interested in railroads, steamboat lines, manufacturing and banking. He was President of the Charles River National Bank.

JOHN SHIPPEN was born in Chester county, on the 13th of August, 1796, springing from old Quaker stock. He was a surveyor in his earlier years, and surveyed Clarion and several adjoining counties, laying out Shippensville, and erecting a furnace there which he was engaged several years in running. He went to Pottsville in 1829, and in March, 1831, became the second President of the Miners' Bank of that city. The institution was then on the verge of insolvency, but under his conservative management during the fifty-one years he was President it became one of the wealthiest National banks in the interior of the State. He started with a salary of \$600, and, though in later years this sum was increased, he never would allow it to reach the high figures he was frequently offered. On the first of June, 1882, he voluntarily retired from the trust he had so long and faithfully administered.

THOMAS SMITH, ex-President of the Bank of North America, Philadelphia, had been identified with that institution for twenty-three years. He was born in 1818, and began life as a clerk in a flour and grocery store. On reaching his majority he became a partner of his employer, and remained in business until the breaking out of the war in 1860, when he was elected President of the Bank of North America. He was the seventh president, the first being Thomas Willing, who was elected in 1781. Both as a merchant and a banker, Mr. Smith was noted for unswerving integrity, punctuality and tireless devotion to business and the interests of those with whom he had financial dealings.

## OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

*(Continued from May No., page 879.)*

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>
2934	Citizens' National Bank..... Fergus Falls, MINN.	James Compton, C. C. Warfield.	\$75,000
2935	First National Bank..... Watertown, DAKOTA.	Homer D. Walrath, Samuel B. Sheldon.	50,000
2936	First National Bank..... Corning, IOWA.	Lew E. Darrow, Chas. C. Norton.	50,000
2937	First National Bank..... Brownwood, TEXAS.	Jasper L. Vaughn, Brooke Smith.	75,000
2938	Los Angeles National Bank.... Los Angeles, CAL.	George H. Bonebrake, F. C. Howes.	100,000
2939	Ennis National Bank..... Ennis, TEXAS.	Joseph Baldrige, Mark Latimer.	100,000
2940	First National Bank..... Decatur, TEXAS.	Henry Greathouse, John W. Walden.	50,000
2941	First National Bank..... Pierre, DAKOTA.	George L. Ordway, William G. Nixon.	50,000
2942	Logan National Bank..... West Liberty, OHIO.	Samuel Taylor, Frank P. Taylor.	50,000
2943	Nat'l German-American Bank.. St. Paul, MINN.	Walter Mann, Gustave Willius.	2,000,000
2944	Big Rapids National Bank..... Big Rapids, MICH.	Daniel F. Comstock, Chester W. Comstock.	100,000
2945	Aurora National Bank..... Aurora, ILL.	Orin D. Howell, Wm. S. Beaupre.	100,000
2946	City National Bank..... Akron, OHIO.	John B. Woods, Geo. W. Weeks.	100,000
2947	First National Bank..... Union, OREGON.	Cornelius G. Linington, William T. Wright.	50,000
2948	First National Bank..... Port Townsend, W. T.	Henry Landes, Robert C. Hill.	50,000
2949	Exchange National Bank..... Denton, TEXAS.	J. A. Carroll, John J. Gannon.	50,000
2950	Clement National Bank..... Rutland, VT.	Charles Clement, Percival W. Clement.	100,000
2951	Peru National Bank..... Peru, ILL.	Joel W. Hopkins, Henry Ream.	50,000
2952	First National Bank..... Seneca, KANSAS.	Willis Brown, George E. Black.	50,000
2953	Merchants' National Bank..... Grinnell, IOWA.	Samuel F. Cooper, George H. Hamlin.	50,000
2954	First National Bank..... Sabetha, KANSAS.	Jackson Cotton, Charles E. Clarkson.	50,000
2955	First National Bank..... Tecumseh, NEB.	James M. Irwin, William A. Wolf.	50,000
2956	Cleveland National Bank..... Cleveland, OHIO.	Sidney S. Warner, P. M. Spencer.	350,000
2957	First National Bank..... Meridian, Miss.	Charles A. Lyerly, C. W. Robinson.	50,000
2958	Drovers' & Mech. National Bank. York, PENN.	Nathan F. Burnham, Jesse V. Giesey.	100,000

# NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 881.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
CAL....	San Francisco..	Crocker, Woolworth & Co.	.....
DAKOTA	Blunt .....	Hughes County Bank .....	.....
"	Pierre .....	Waite & Garvin.	First National Bank, Chicago.
"	" \$50,000	First National Bank.....	Chemical National Bank.
"	" \$50,000	George L. Ordway, Pr.	William G. Nixon, Cas.
"	Vermillion.....	Clay County Bank.....	Chemical National Bank.
		(Downing & Lumley) .....	.....
ILL....	Aurora .....	Aurora National Bank ...	Central National Bank.
"	" \$100,000	Orrin D. Howell, Pr.	William S. Beaupre, Cas.
"	" Peru .....	Peru National Bank .....	.....
"	" \$50,000	Joel W. Hopkins, Pr.	Henry Ream, Cas.
IND....	Huntingburg ..	Huntingburg Bank.....	.....
		Herman Rothert, Pr.	Daniel Reutepohler, Cas.
IOWA..	Cedar Rapids..	Cedar Rapids Sav. Bank..	.....
"	" \$50,000	John T. Hamilton, Pr.	John M. Dinwiddie, Cas.
"	" Corning .....	First National Bank.....	.....
"	" \$50,000	Lew E. Darrow, Pr.	Charles C. Norton, Cas.
"	" Grinnell.....	Merchants' National Bank.	.....
	" \$50,000	Samuel F. Cooper, Pr.	George H. Hamlin, Cas.
KANSAS.	Burdenville ....	Brooks Bros.....	Gilman, Son & Co.
"	" Mankato .....	Robinson & Goodrich .....	Bank North America.
"	" Sabetha.....	First National Bank.....	.....
"	" \$50,000	Jackson Cotton, Pr.	Charles E. Clarkson, Cas.
"	" Sedgwick City..	Sedgwick City Bank.....	Donnell, Lawson & Simpson.
"	" Seneca .....	First National Bank.....	.....
"	" \$50,000	Willis Brown, Pr.	George E. Black, Cas.
"	" Willis .....	Harpster & Aigler .....	National Park Bank.
KY....	Elizabethtown .	Bank of Elizabethtown...	.....
MICH...	Big Rapids ....	Big Rapids National Bank	Hanover National Bank.
"	" \$100,000	Daniel F. Comstock, Pr.	Chester W. Comstock, Cas.
MINN...	Fergus Falls...	Citizens' National Bank ..	Central Nat'l B'k, Phila.
"	" \$75,000	James Compton, Pr.	Charles C. Warfield, Cas.
MISS...	Meridian.....	First National Bank.....	.....
"	" \$50,000	Charles A. Lyerly, Pr.	C. W. Robinson, Cas.
MO....	Kansas City....	Foster, Crouse & Co. ...	Donnell, Lawson & Simpson.
"	" Oak Grove.....	Bank of Oak Grove .....	Donnell, Lawson & Simpson.
"	"	S. D. Hulse, Pr.	C. T. McCoun, Cas.
"	" Pleasant Hill..	Citizens' Bank.....(W. H. Bohart.)	Bank North America.
NEB....	Battle Creek...	Farmers & Drovers' Bank.	Kountze Brothers.
"	" Norfolk.....	Commercial Bank.. (I. B. Donaldson.)	Kountze Brothers.
"	" Superior.....	Meek, McCorkle & Briggs.	Corbin Banking Co.
"	" Tecumseh.....	First National Bank.....	.....
"	" \$50,000	James M. Irwin, Pr.	William A. Wolf, Cas.
N. C....	Durham .....	Bank of Durham.....	Imp. & Tra. National Bank.
"	"	(W. T. Blackwell.)	P. A. Wiley, Cas.
"	" Salisbury .....	Bank of Salisbury .....	.....
"	" Statesville.....	William J. Coite.....	National Park Bank.
OHIO...	Cleveland .....	Cleveland National Bank.	.....
"	" \$350,000	Sidney S. Warren, Pr.	P. M. Spencer, Cas.
OREGON	Union .....	First National Bank.....	.....
"	" \$50,000	C. G. Linington, Pr.	William T. Wright, Cas.
PENN...	York .....	Drovers' & Mechanics' Na t'l B'k.	.....
"	" \$100,000	Nathan F. Burnham, Pr.	Jesse V. Giesey, Cas.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
TEXAS..	Brownwood....	First National Bank.....	
	\$ 75,000	Jasper L. Vaughn, <i>Pr.</i>	Brooke Smith, <i>Cas.</i>
" ..	Decatur.....	First National Bank.....	
	\$ 50,000	Henry Greathouse, <i>Pr.</i>	John W. Walden, <i>Cas.</i>
" ..	Ennis.....	Ennis National Bank.....	
	\$ 100,000	Joseph Baldrige, <i>Pr.</i>	Mark Latimer, <i>Cas.</i>
VT.....	Rutland .....	Clement National Bank..	
	\$ 100,000	Charles Clement, <i>Pr.</i>	Percival W. Clement, <i>Cas.</i>

## CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 880.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ARIZ...	First National Bank, Tucson..	J. C. Handy, <i>Pr.</i> .....	P. R. Tully.
CAL....	First National Gold Bank, { San Francisco.	D. Callaghan, <i>Pr.</i> ..... George A. Low, <i>V. P.</i> .....	R. C. Woolworth. D. Callaghan.
" ..	Fresno Co. Bank, Fresno.....	J. A. Blasingame, <i>Cas.</i> .....	
" ..	Union National Bank, Oakland	J. West Martin, <i>V. P.</i> .....	A. C. Henry.
COL....	City Bank, Leadville .....	C. C. Davis, <i>Pr.</i> .....	C. C. Howell.
DAKOTA	Citizens' Bank, Ordway .....	William Brearton, <i>Cas.</i> .....	— Wilkinson.
" ..	Farmers and Merchants' Na- tional Bank, Valley City.	Allyn Warner, <i>Cas.</i> .....	
GA.....	Nat'l Exchange B'k, Augusta..	Charles E. Coffin, <i>A. C.</i> .....	
" ..	Central R. R. Bank, Savannah.	William P. Raoul, <i>Pr.</i> .....	E. P. Alexander.
ILL....	Drover's National Bank, { Chicago.	A. D. Lamb, <i>V. P.</i> ..... W. H. Brintnall, <i>Cas.</i> .....	W. H. Brintnall. H. G. Brainerd.
" ..	Third National Bank, { Bloomington.	John Gregory, <i>V. P.</i> ..... Frank L. Bunn, <i>A. C.</i> .....	
" ..	First National Bank, { Hoopeston.	John Greer, <i>V. P.</i> ..... E. C. Griffith, <i>A. C.</i> .....	
IND....	First National Bank, Columbus	L. K. Ong, <i>Cas.</i> .....	G. Pence.
" ..	Lafayette National Bank, { Lafayette.	John Bixler, <i>V. P.</i> .....	W. P. Heath.
IOWA...	Merchants' National Bank, { Cedar Rapids.	M. A. Higley, <i>Pr.</i> .....	R. D. Stephens.*
" ..	Bank of Gladbrook.....	M. M. Crookshank, <i>Pr.</i> .....	C. J. Stevens.
" ..	First National Bank, Lyons....	David Joyce, <i>V. P.</i> .....	J. P. Gage.*
" ..	Citizens' Bank, Perry.....	D. J. Pattee, <i>Cas.</i> .....	A. T. Pearson.
KANSAS.	Sabetha State Bank .....	Jackson Cotton, <i>Pr.</i> ..... G. H. Adams, <i>V. P.</i> .....	
" ..	Central Bank, Topeka .....	C. E. Clarkson, <i>Cas.</i> ..... P. I. Bonebrake, <i>Pr.</i> ..... C. C. Wheeler, <i>V. P.</i> ..... Edwin Knowles, <i>Cas.</i> .....	E. Knowles. C. C. Wheeler. J. Francis.
KY.....	German Nat'l B'k, Louisville..	Henry W. Bohmer, <i>Cas.</i> .....	H. Vissman.
LA.....	N. O. Canal and Banking Co. { New Orleans.	Edward Toby, <i>Cas.</i> .....	J. B. Montreuil.
MAINE..	First National Bank, Fairfield..	Henry L. Kelley, <i>Cas.</i> .....	E. G. Pratt.
MASS..	Boston National Bank.....	James H. Bouvé, <i>Pr.</i> .....	C. B. Hall.*
" ..	Massachusetts National Bank, { Boston.	Edward Whitney, <i>V. P.</i> ..... Charles W. Perkins, <i>A. C.</i> .....	
" ..	Mass. Loan & Trust Co., { Boston.	Stephen M. Crosby, <i>Pr.</i> ..... Frank W. Reynolds, <i>Tr.</i> .....	S. M. Crosby.
" ..	First National Bank, Barre....	N. L. Johnson, <i>Pr.</i> .....	H. Wadsworth.*
" ..	Charles River Nat'l Bank, { Cambridge.	David B. Flint, <i>Pr.</i> .....	S. B. Rindge.*

\* Deceased.





## THE NUMBER OF NEW NATIONAL BANKS IN EACH STATE.

The following statement shows the number of National banks organized from November 1st, 1882, to June 1st, 1883, arranged by States and Territories, with the amount of additional capital stock and circulation for each State. [This statement does not include new banks which have been organized to succeed banks whose corporate existence had expired.]

<i>States and Territories.</i>	<i>No. of Banks.</i>	<i>Capital Stock.</i>	<i>Circulation.</i>
Arkansas .....	2 ...	\$ 100,000 ...	\$ 58,500
California .....	1 ...	100,000 ...	—
Colorado .....	2 ...	100,000 ...	13,500
Connecticut .....	1 ...	150,000 ...	45,000
Dakota .....	9 ...	450,000 ...	90,310
Georgia .....	1 ...	50,000 ...	45,000
Indiana .....	4 ...	300,000 ...	101,240
Illinois .....	9 ...	800,000 ...	211,480
Iowa .....	11 ...	960,000 ...	227,130
Kentucky .....	5 ...	335,000 ...	144,000
Kansas .....	4 ...	200,000 ...	22,490
Massachusetts .....	2 ...	252,000 ...	45,000
Michigan .....	3 ...	250,000 ...	63,000
Missouri .....	6 ...	600,000 ...	182,240
Mississippi .....	2 ...	102,500 ...	27,000
Montana .....	1 ...	250,000 ...	76,500
Minnesota .....	4 ...	2,625,000 ...	29,250
New York .....	8 ...	605,000 ...	242,990
New Jersey .....	2 ...	103,000 ...	63,000
Nebraska .....	10 ...	525,000 ...	112,460
Ohio .....	14 ...	2,030,000 ...	447,950
Pennsylvania .....	12 ...	885,000 ...	432,000
Rhode Island .....	1 ...	225,000 ...	135,000
Texas .....	9 ...	850,000 ...	138,600
Utah .....	1 ...	100,000 ...	90,000
Vermont .....	2 ...	200,000 ...	90,000
Virginia .....	1 ...	50,000 ...	11,250
Wisconsin .....	3 ...	150,000 ...	51,740
Washington Territory .....	3 ...	150,000 ...	18,000
Oregon .....	4 ...	210,000 ...	43,000
	137	\$ 13,707,500	\$ 3,257,630

**SILVER COINAGE.**—The compulsory coinage of \$2,300,000 of silver each month is bearing its legitimate fruit in Texas. The buzzard dollars are received only at a discount at the banks, except when the latter are compelled to take them as legal tender for a debt. The currency of Texas has always been mainly metallic, and its gold coin is gradually disappearing, being driven out by the cheaper silver. This is the necessary result of silver inflation, and it is well if Texas' experience will convince Congress of the folly of the compulsory coinage law before the depreciation of the standard dollar becomes general, as it inevitably must if its coinage is continued much longer.—*Philadelphia Press*.

## NOTES ON THE MONEY MARKET.

## A FINANCIAL AND COMMERCIAL REVIEW.

From bad to worse has been the course of nearly all branches of legitimate business the past month; and speculation has had up-hill work to stem the downward tendency of prices for most staples, in spite of easy money and big capitalists attempting to hold most of the speculative markets. It is true that the exchanges of most of the large cities, except in the East, have shown a gain over last May. But it must be remembered that last year's volume of actual business was unusually light, owing to the short crops and light movement of produce to market. At the same time our merchants, especially in fancy goods, and even in fine staple goods, complain of duller trade than since 1877. Cotton goods are about the only textile manufactures that are selling, and woolens are extremely dull. Iron manufactures are so slow and weak that there is really no market for many kinds and little for any. The prospects of a long and bitter struggle between employers and employed, after June first, may relieve an overloaded market from further accumulations, but it will not increase demand, and only deepen and intensify the general depression. When we reduce the number of producers of one staple, we also reduce, at the same time, the number of consumers of all staples of life and of commerce, by which everybody is affected.

Along with these unfavorable conditions in our home trade and industries has come a turn in our balance of trade with Europe, by reason of the heavy return movement of our railroad stocks and bonds, at the same time that our exports have been falling off on account of speculation in our produce markets. This has held our export staples generally above European markets, which are well supplied by home production or other exporting countries not cursed with clique manipulations. Hence, foreign exchange has advanced steadily on the demand for bills to pay for these returned securities until it has passed above the gold export basis. Instead, therefore, of gold imports, with a prospect of which we began this year, we have reached the opposite condition soon after the first quarter. Over-speculation in the past, excessive railroad building, and over-issues of stocks and bonds which cannot pay their owners any income, together with distrust of our railroad mismanagement, have caused this returning tide of these securities from Europe, while present speculation in produce has prevented its natural movement outward to pay for them.

These are the conditions under which legitimate business is struggling to keep its head above water, while speculators are bulling and manipulating markets just as if the country was prosperous, and people had surplus money to invest or speculate with. Good crops, of which the prospects have materially improved during May, will help the railroads and may stop the present demoralization and decline in their stocks, so soon as abundant harvests are assured; but it will hardly do to look for any great or permanent reaction



until our manufacturing and commercial classes are prosperous again. Even then it will be very doubtful, under existing railroad mismanagement, over-capitalization and over railroad construction. The securities now coming home from Europe are quite as likely to stay as those which American investors have been pouring into Wall Street in a steady stream for a year past.

The first two years of our last prosperous period beginning with 1878, and possibly the third year, were on a sound basis, as the depression from 1873 to 1877, inclusive, had carried us below real values. But the last half of the past five-years' boom has been as fictitious inflation as was the last half of the five-years' boom ten years before, which wound up with 1873. The only difference in our favor now, and it may be a saving one, is that we are now on a solid specie basis, while we were then on an inflated money, as well as speculative, basis.

Thanks to the Governor, one of the most dangerous of the many bad bills passed by the last Legislature has been killed; and he has scotched the first attempt made in the interest of speculators in, and manufacturers of, railroad securities, to lay their hands on the savings of the workmen as they had already on their wages. This was the Page bill, whose object was to make in the Savings banks, a market for securities which the public will not buy, and which the big Wall-Street speculators cannot, but want very badly to sell.

As to the course of speculation the past month, it has been for the most part bullish on the entire grain list, led by wheat, of which a Chicago clique took on some eight to ten million bushels early in April, and a New York syndicate as much more in May, on belief that the next crop would be badly short. Since then crop prospects have improved, here and in Europe, notwithstanding all bull stories of damage, while stocks have accumulated both there and here, until it is now believed the clique made a mistake, and want to unload on the public who refuse to buy; and, unless shippers come in and take grain more freely, or new accidents happen to crops, manipulation alone, on a large short interest, can save the cliques a heavy loss; and even that is likely to be fatal to them, as it was a year ago.

Corn has sympathized but has not been a speculative favorite, as there was no manipulation in that market except to get it down to buy it cheaper, believing in higher prices on its merits before another crop will be available. Oats have been held up by a Peoria clique on a short interest in June and July, and corn has helped them; but they are relatively considerably higher than corn, with prospects of an enormous crop of both these cereals this year. The provision, or hog-product, markets have remained under the control of the same clique who obtained it in January, and have been trying ever since to get out, without success. They have been able, however, to hold up one of the most rotten deals ever conceived so long only by money power, in which they have been helped by the relatively far higher prices of hogs than corn; for by keeping up the former, on the fictitious price of products, the cliques have encouraged the farmers to hold back their hogs and feed them all the corn they could profitably, as corn nets farmers nearly fifty per cent. more in shape of hogs. This has made the supply in market light for April and May, and tended to create the impression that the supply was light. This is not so, as there are twenty-five per cent. more hogs in the country than a year

ago; and instead of coming to market weighing 200 to 230 pounds as last year, during April and May, they will come in June and later this year weighing 250 and 300 pounds. Hence the longer the load is held, at these prices, without home or export demand, the worse will be the break and loss when it comes.

Cotton has had a May boom, and the first of this crop, on a short interest and a stronger position in Liverpool, caused by its waiting for usual supplies, until the Continent of Europe had taken between 100,000 and 200,000 bales more from our Southern ports than expected, and left Liverpool and New York stocks that much short of a year ago. The advance has been in good part held on this situation, and is likely to be held till next crop prospects (which are now only fair to good) are better assured.

Petroleum has been "milked" again by the company that controls it, going down to near ninety cents early in the month on new developments in the new Forest County field, on which a large short interest was created; after which three new wells were reported to be "dry holes," and the price was worked up until \$1.05 was touched, when the frightened shorts covered and the market eased back after the outsiders had gone long on "points" given out by the bulls of \$1.30 oil this month. On the 29th of the month, however, the price was again advanced to \$1.12½.

Coffee has been an exception to the bull speculative markets and dairy products another. The former had been bulled by a clique in Rio de Janeiro, Havre and the United States on belief in a short crop; but receipts kept up beyond all expectation at Rio until the bulls became alarmed and undertook to unload when a heavy drop—not apparently over—followed.

The decline in dairy products was the usual one from old crop to new crop. It has come later than usual as the season and flush of feed and receipts have been fifteen to twenty days late, and the summer basis of values is not yet reached, on cheese at least, though butter is on an average of other years in spite of its weakness.

There have been few outside influences affecting prices that have not been based on the weather, and manipulation based on crop prospects. The amount of "crop missionary" work done by the bulls has never been equaled and never has there been such a conflict of reports, all more or less tinged with the prevailing bull speculation. This is still being done; but the tendency of prices as a whole, and in most cases, seems still lower, unless new accidents happen to growing crops.

The reports of the New York Clearing-house banks compare as follows:

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
May 5...	\$ 315,507,400	\$ 55,769,100	\$ 20,077,600	\$ 296,970,300	\$ 16,233,600	\$ 1,604,125
" 12...	315,451,000	60,022,000	20,881,100	303,597,100	16,238,400	5,003,825
" 19...	317,828,000	60,558,900	21,975,100	307,093,500	16,151,100	5,760,625
" 26...	316,281,500	62,826,800	23,758,300	309,630,800	15,994,400	9,177,400

The Boston bank statement is as follows:

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
April 28.....	\$ 122,925,600	\$ 5,046,900	\$ 3,555,300	\$ 83,481,400	\$ 30,186,200
May 5.....	144,560,800	4,947,600	3,728,300	85,183,600	30,265,000
" 12.....	144,962,800	4,685,000	3,872,400	85,998,100	30,088,400
" 19.....	144,622,300	4,610,800	3,865,600	85,897,500	29,870,200
" 28.....	144,416,100	4,769,900	4,179,600	85,235,500	29,895,900

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1883.	Loans.	Reserves.	Deposits.	Circulation.
May 5.....	\$75,292,485	.... \$18,334,976	.... \$66,821,372	.... \$9,751,991
" 12.....	75,053,722	.... 18,753,345	.... 67,296,834	.... 9,765,950
" 19.....	75,566,706	.... 19,154,680	.... 68,269,898	.... 9,753,800
" 26.....	76,118,351	.... 19,896,215	.... 69,514,188	.... 9,735,941

We append the usual quotations of leading stocks for the month :

QUOTATIONS :	May 5.	May 14.	May 22.	May 29.
U. S. 5s, 1881, Cont...	103 ..	103 ..	102½ ..	102½
U. S. 4½s, 1891, Coup.	113 ..	113 ..	113 ..	113½
U. S. 4s, 1907, Coup...	119½ ..	119½ ..	119½ ..	119½
West. Union Tel. Co..	83½ ..	82½ ..	81½ ..	82½
N. Y. C. & Hudson R.	122½ ..	121 ..	120½ ..	121½
Lake Shore.....	110½ ..	109½ ..	108½ ..	107½
Chicago & Rock Island	125 ..	123 ..	121½ ..	122
New Jersey Central...	77½ ..	77½ ..	77½ ..	78½
Del., Lack. & West....	127½ ..	124½ ..	122½ ..	123½
Delaware & Hudson..	110 ..	109 ..	109 ..	107
Reading.....	54½ ..	53½ ..	52½ ..	52½
North Western.....	134½ ..	132½ ..	129½ ..	128½
Pacific Mail.....	41½ ..	41 ..	41½ ..	42
Erie.....	36½ ..	35½ ..	34½ ..	34½
Discounts.....	5 @ 6 ..	5 @ 5½ ..	5 @ 5½ ..	5 @ 5½
Call Loans.....	3 @ 4 ..	3½ @ 4 ..	2 @ 2½ ..	3 @ 4
Bills on London.....	4.82½@4.84½ ..	4.83@4.86½ ..	4.84½@4.88	4.84½@4.88
Treasury balances, coin	\$126,519,586..	\$115,640,436..	\$114,368,709 ..	\$113,542,353
Do. do. cur.	\$7,201,126 ..	\$7,571,052 ..	\$7,646,301 ..	\$7,758,541

## DEATHS.

ADAMS.—On April 23, aged sixty-eight years, GROSVENOR S. ADAMS, President of the First National Bank of Greenport, N. Y.

BELKNAP.—On May 22, aged about fifty years, THOMAS BELKNAP, Vice-President of the First National Bank of Tucson, Arizona.

GRANNIS.—On May 19, aged seventy-three years, T. O. GRANNIS, of Utica, N. Y.

HALL.—On May 8, aged sixty-seven years, CHARLES B. HALL, President of the Boston National Bank, Mass.

HULL.—On April 26, HENRY HULL, of Henry Hull & Co., Savannah, Ga.

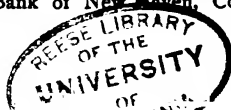
HENDERSON.—On March 19, aged seventy years, ALEXANDER HENDERSON, President of the First National Bank of Cadiz, Ohio.

MACKEY.—On May 18, aged seventy-two years, JEREMY MACKEY, Cashier of the Stroudsburg Bank, Penn.

RINDGE.—On May 3, aged sixty-four years, SAMUEL B. RINDGE, President of the Charles River National Bank of Cambridge, Mass.

SMITH.—On May 20, aged sixty-nine years, THOMAS SMITH, for nearly a quarter of a century President of the Bank of North America, at Philadelphia.

WARD.—On May 25, aged fifty-seven years, ISRAEL K. WARD, Cashier of the Second National Bank of New Haven, Conn.





14 DAY USE  
RETURN TO DESK FROM WHICH BORROWED

**LOAN DEPT.**

This book is due on the last date stamped below, or  
on the date to which renewed.

Renewed books are subject to immediate recall.

14 Dec 61 LZ STORAGE  
ANNEX

REC'D LD

DEC 15 1961

AUG 18 1968 8 7

REC'D LD JUN 29 1970 -3 PM 8 1

FEB 28 1984

rec'd circ. FEB 28 1983

SEP 28 1983 I

rec'd circ. MAR 30 1983

LD 21A-50m-8.'61  
(C1795s10)476B

General Library  
University of California  
Berkeley

3-9

YD 07282

STORAGE  
ANNEX

HG 1501  
B3  
v. 37

